



# GENERATIONS

# FOR GENERATIONS

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For generations, Arendals Fossekompni 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 energy transition, electrification, materials, digitalization, and big data analytics.

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

For generations.

# Highlights 2023

## 19%

### growth in AFK Group revenue

Total revenue for Arendals Fossekompani Group amounted to NOK 5,441 million in 2023, 19% higher than in 2022. The operating margin was 8%.

### Lower electricity prices, higher hydropower production

Significantly lower electricity prices were somewhat offset by higher production, resulting in another year of substantial revenue and operating profit contribution from AFK Vannkraft.



## 2.3%

### of average market cap paid as dividend

Arendals Fossekompani paid quarterly dividends totaling NOK 3.95 per share in 2023.

### Arendals Fossekompani reports on all six environmental objectives of the EU Taxonomy

## 22%

aligned turnover

### Strong underlying performance across several portfolio companies



## ENRX

### Increased operating margin

ENRX reported revenue growth of 19% in 2023. The operating margin improved from 0% to 6%.

## TEKNA

### Revenue up 52%

Tekna increased revenue by 52% and improved the adjusted EBITDA margin.

## NSSLGlobal

### Continued strong results

NSSLGlobal reported revenue of GBP 91.8 million and a continued strong operating margin of 18%.



## volue

### Solid growth

Volue reported 20% increase of revenue (16% organic), while also improving the adjusted EBITDA margin. SaaS revenue and ARR grew by 41% and 29%, respectively.

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# Arendals Fossekompani

## 01



Kirsti Homstøl  
Business Developer, Arendals Fossekompani

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# Letter from the CEO

2023 has been a year of geopolitical turmoil and uncertainty. This, in combination with high interest rates and sustained inflation, has generally dampened willingness to invest and take risk across several industries.



2023 was also the year when Europe claimed energy independence from Russia. In just two years Europe has lowered its energy consumption by 6% while shifting its energy mix further toward renewables. This has boosted the energy transition but also driven down electricity prices. Consequently, operating profit from our hydropower generation business was somewhat lower in 2023 than last year. On the positive side Arendals Fossekompani initiated the construction of a new hydropower plant during the year. The Kilandsfoss hydropower plant is scheduled to open in 2026 and will produce 38 GWh per year, equivalent to the energy consumption of approximately 2,000 households.

As the energy transition in Europe continues to move forward with more renewable, intermittent energy being introduced, Volue remains uniquely positioned with products and services enabling this transition. The company made significant progress in 2023, delivering 20% topline growth and more than doubling the operating result compared to 2022. Volue also strengthened their energy trading operation through the acquisition of Enerim's energy market division.

2023 has also been an impressive year for ENRX. Following a slightly negative operating result in 2022, the company delivered a positive result of NOK 116 million. Despite political instability and continuous worldwide supply-chain constraints, most parts of the markets in which ENRX operates had a positive development. The automotive industry in Europe remains weak, but ENRX more than compensated for this within the automotive segment in China and other market segments and regions.

Tekna recorded an all-time-high revenue, up more than 50% from 2022, driven by high demand from blue chip customers within both advanced material and systems. During the year Tekna has focused on operational excellence to improve profitability and cash generation. The effects are showing. The company also made strides in nano-nickel qualification processes with leading microelectronics manufacturers.

The global satellite market is undergoing a fundamental shift with the rapid expansion of low earth orbit (LEO) commercial satellite networks. NSSGlobal is adapting to meet these changing market conditions. During the year the company rolled out a new product offering (Fusion<sup>IPLEO</sup>), which combines the trusted benefits of a global, high availability GEO service with the low latency and high capacity from 4G/5G and LEO satellites. Revenue growth in 2023 was largely driven by increased maritime and government engineering projects, as well as continued high airtime related to operational activity caused by global turmoil.

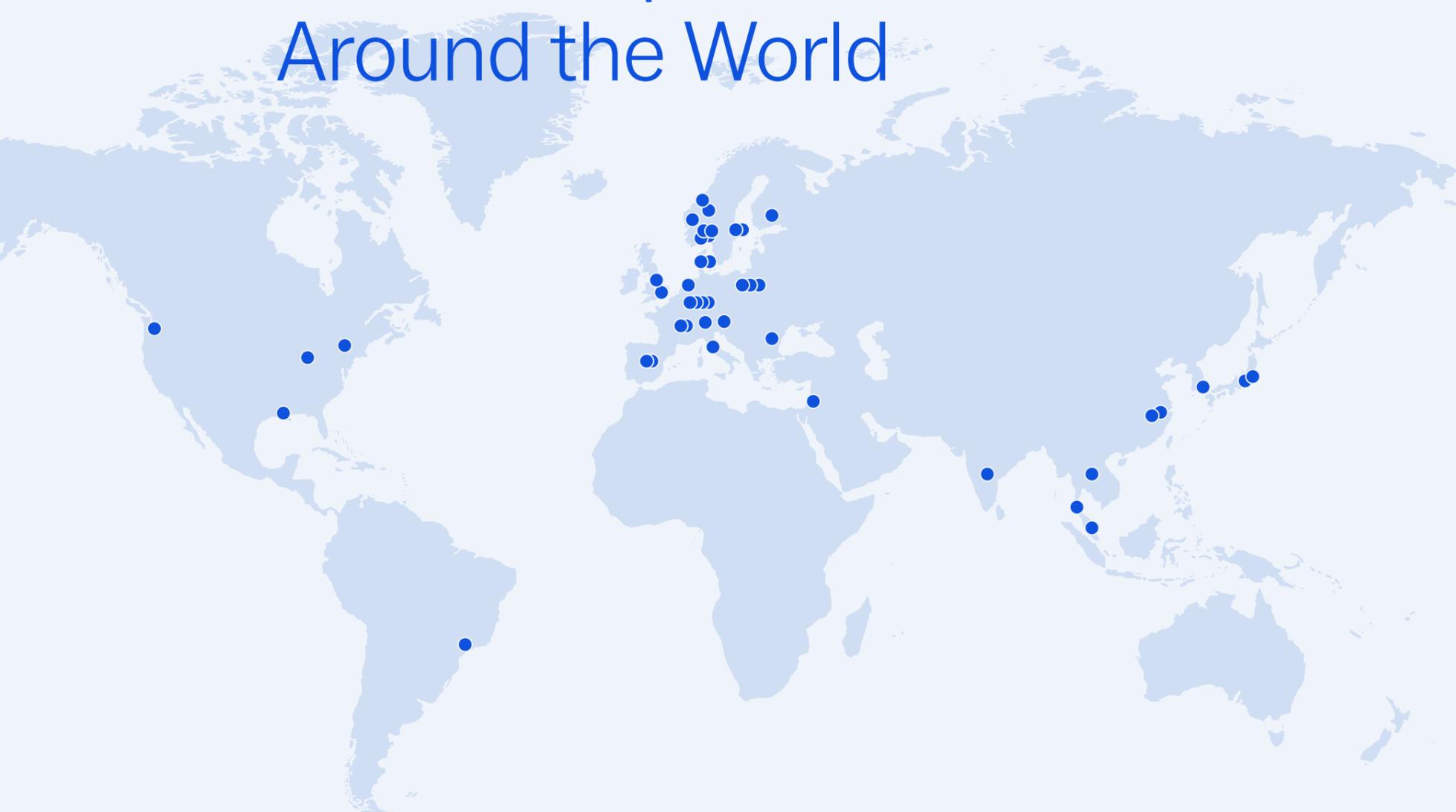
Sustainability and corporate social responsibility are important drivers of future value creation. We are committed to the climate targets in the Paris Agreement. We are a UN Global Compact member and continue to support its principles for responsible business policies for human rights, labour, environment, and anti-corruption.

2023 marked the first year Arendals Fossekompani reported on EU Taxonomy alignment for all six environmental objectives. Arendals Fossekompani's portfolio contribute to multiple environmental objectives, covering Climate change mitigation, Climate change adaptation, and Water and marine resources. The aligned turnover of 22%, and the high percentage of eligible activities reflect the great potential in our portfolio companies.

Overall, 2023 has been a year of improved operations and strong organic growth for Arendals Fossekompani. I would like to thank the team at Arendals Fossekompani, as well as all employees across our portfolio companies for your contributions. Through your hard work, dedication, experience and competency you have created significant value during the past year, demonstrating once again that our people are our most valuable asset, and that we are builders and supporters of technology that moves the world forward in a sustainable way. I sincerely look forward to continuing this exciting journey together with you, our partners and stakeholders in the years to come.

Benjamin Golding,  
Chief Executive Officer

# Arendals Fossekompani Around the World



NUMBER OF EMPLOYEES BY COUNTRY

Norway	790	USA	94	Brazil	12
Germany	339	France	76	Malaysia	8
India	251	Denmark	60	Japan	8
China	196	Finland	65	Italy	6
Canada	186	Sweden	52	Netherlands	7
United Kingdom	186	Spain	28	Singapore	6
Poland	156	Switzerland	22	Israel	5
Romania	103	Thailand	13	South Korea	1
<b>Total</b>					<b>2,670</b>

Dots on map reflect approximate locations.

## Arendals Fossekompani Parent Company

(AFK Group Management and AFK Vannkraft), AFK Property

Employees 43  
Head office  
Arendal, Norway

Countries  
Norway

## Volue

Employees 825  
Head office  
Oslo, Norway

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

## NSSLGlobal

Employees 249  
Head office  
London, UK

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

## Alytic

Employees 123  
Head office  
Arendal, Norway

Countries  
Norway, Germany, Netherlands

## Tekna

Employees 222  
Head office  
Sherbrooke, Canada

Countries  
Canada, France, China, South Korea

## ENRX

Employees 1,103  
Head office  
Skien, Norway

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

## Ampwell

Employees 102  
Head office  
Arendal, Norway

Countries  
Norway, Germany, Spain

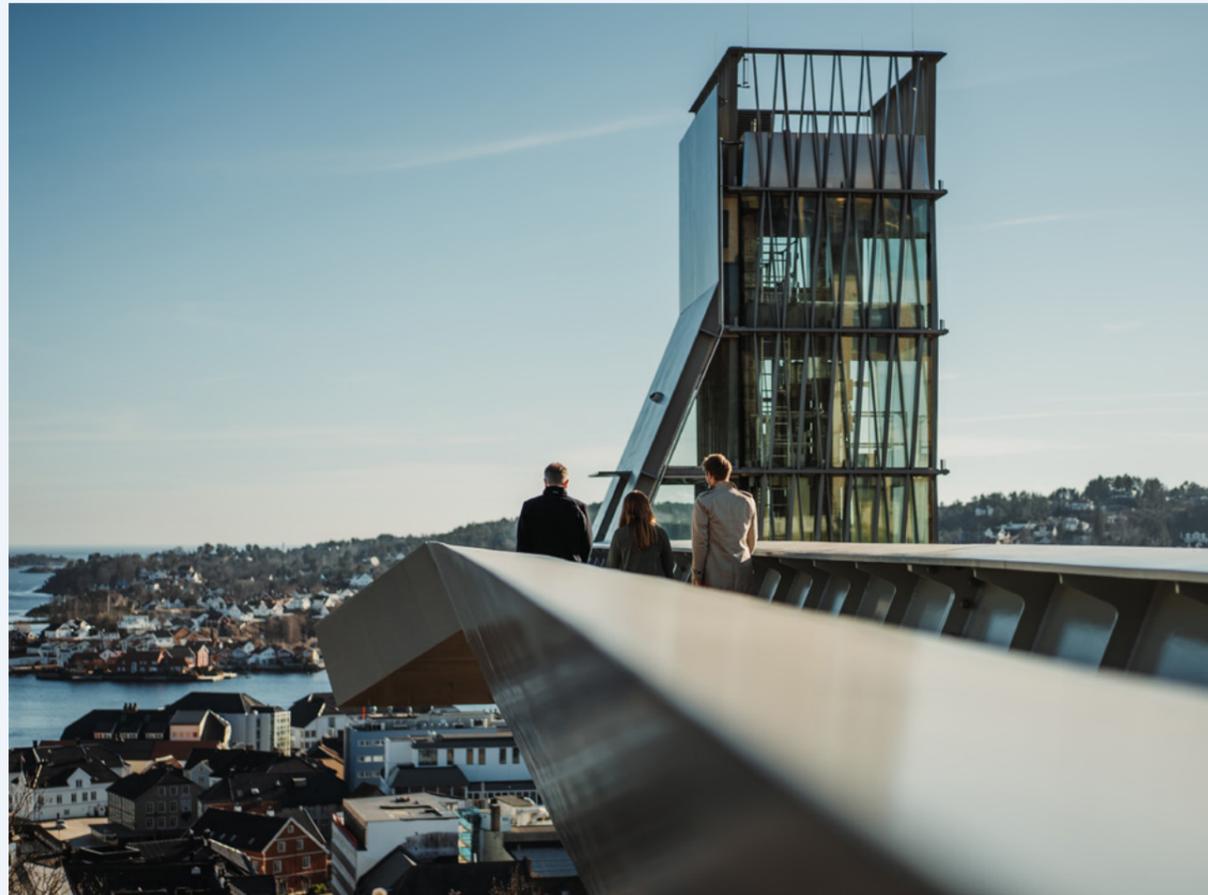
## Vergia

Employees 3  
Head office  
Arendal, Norway

Countries  
Norway

# Who we are

Arendals Fossekompani is an industrial investment company that combines industrial, technological, and capital markets expertise to identify and develop opportunities for sustainable value creation.



We have an attractive portfolio positioned in verticals driven by global megatrends. Our portfolio companies have more than 2,600 people in 24 countries. Arendals Fossekompani was established in 1896 to harness the everlasting natural resource of running water. We remain a proud producer of hydropower to this day. In addition, we operate globally in forward-looking industries, such as B2B software and analytics, satellite communications, industrial 3D printing, battery and induction technology.

## Our mission

We create lasting value for our stakeholders through long-term and active development of the companies we own. We invest in B2B technology companies that enable, and benefit from the energy transition, digitisation and industry 4.0.

Arendals Fossekompani is 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 will continue to do. For generations.

## Our values

Arendals Fossekompani is a collaborative, dynamic and responsible company with a long-term perspective.

### Collaborative

We develop our companies in collaboration with the world around us and our partners.

### Long-term

Based on more than a century of industrial history, we continue to develop our companies with a sustainable and long-term perspective.

### Dynamic

We show the ability, energy and motivation to carry out our ambitions.

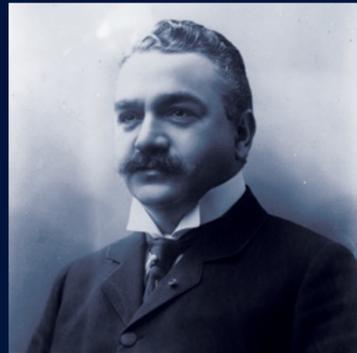
### Responsible

We act in an ethical and responsible manner in all situations.

# Value Creation for Generations

1896

## Company founded



Arendals Fossekompani was founded on 30 January 1896 to harness the forces in the Arendal watercourse system and transform them into electric power. We acquired rights to several waterfalls, including Bøylefossen and Flatenfossen. Norwegian industrial entrepreneur Sam Eyde was instrumental in the early years.

1913

## Electricity and industry



The construction of Bøylefoss Hydropower Plant started in 1911, in parallel with the establishment of new industry in Eydehavn. The first electric power from Bøylefoss was delivered to Eydehavn in the summer of 1913. That same year, Arendals Fossekompani was listed at Oslo Børs.

1927

## More hydropower



The growing demand for electricity for industrial purposes led to the development of Flatenfoss Hydropower Plant in 1927. The original plant was operational until it was replaced in 2009.

1960s

## Financial investor



Arendals Fossekompani gradually built a substantial financial capacity. At the end of the 1960s, the company changed its mission statement and built a portfolio of financial investments in listed and unlisted companies.

1990s

## New opportunities



Deregulation of the Norwegian electricity market presented new market opportunities. Arendals Fossekompani played an active role and established a subsidiary, Markedskraft, as an independent provider of services in the Nordic and European wholesale electricity market.

2000s

## International investor



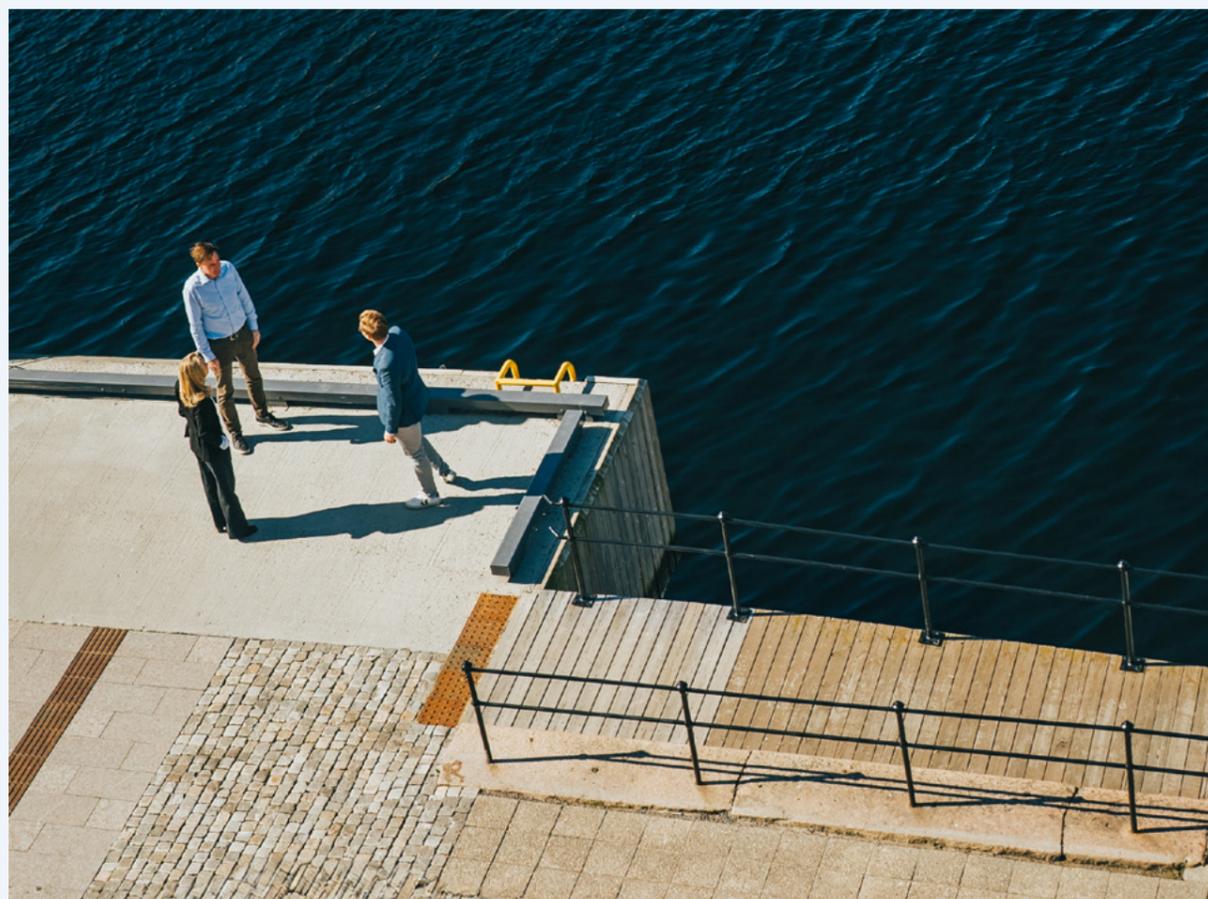
The new millennium marked the start of the transformation of Arendals Fossekompani, from a local hydropower producer to an international investment company. A series of successful investments in Norwegian and international companies from the early 2000s till today, have contributed to the current portfolio of companies in forward-looking industries.

Consolidated revenues increased from around NOK 250 million in 2004 to NOK 5,400 million in 2023.

In 2023, hydropower accounted for approximately 9% of consolidated revenues.

# Arendals Fossekompani Group

Arendals Fossekompani is an industrial investment company holding nine core investments and a portfolio of financial investments. Our portfolio companies employ 2,670 people in 24 countries.



Head office  
Arendal, Norway

Chair  
Trond Westlie

Chief Executive Officer  
Benjamin Golding

Employees  
2,670

Countries  
24

Arendals Fossekompani has long traditions in power production and owns and operates two hydropower plants. We operate globally in many forward-looking industries including B2B software and analytics, satellite communications, industrial 3D printing, battery and induction technology.

## FINANCIAL FIGURES (MNOK)

	2023	2022	2021
Total revenue	5,441	4,587	4,232
EBITDA	753	726	686
Operating profit (EBIT)	433	429	450
Operating margin	8%	9%	11%
Earnings before tax (EBT)	391	426	332
Earnings after tax (EAT)	-30	-33	97
Operating cash flow	-578	483	857
NIBD	1,015	-947	-1,599
Equity	3,639	3,784	3,909
Equity ratio	40%	48%	57%

## SUSTAINABILITY KPIs

	Target	Year	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	<sup>1</sup>	2030	1,858	1,744	1,584
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	<sup>1</sup>	2030	2,319	2,470	2,838
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>2</sup>	-	2030	3,494	3,298	2,253
	Energy consumption (MWh)	-	-	27,111	26,516	22,338
Social	Lost time injury frequency rate <sup>3</sup>	0.0	-	2.2	1.0	0.8
	Sick leave	<2.0%	-	2.7%	3.0%	-
	Turn-over rate	<10%	-	14%	16%	7.6%
	Female employees	30%	2027	21%	20%	19%
	Women on Board of Directors	50%	2027	25%	28%	30%
Governance	Reported incidents/breach of CoC	0	-	0	2	-
	CoC signed	100%	-	69%	78%	87%
	Corruption cases	0	-	0	1	1

1. Emission reduction target for Scope 1 and 2 in line with the Paris Climate Agreement.

2. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities

3. Calculated per 1,000,000 hours worked.

Currency rates

(NOK/CAD) Average 2023: 7.83. Average 2022: 7.38. End 2023: 7.68. End 2022: 7.28.

(NOK/GBP) Average 2023: 13.13. Average 2022: 11.85. End 2023: 12.93. End 2022: 11.85.

(NOK/EUR) Average 2023: 11.42. Average 2022: 10.10. End 2023: 11.24. End 2022: 10.51.

## 2023 IN BRIEF

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

In 2023, Arendals Fossekompani reported consolidated revenue of NOK 5,441 million (4,587 million) and operating profit of NOK 433 million (429 million). Ordinary profit after tax amounted to NOK -30 million (-33 million), of which the AFK shareholders' share of the profit was NOK 33 million (6 million).

Consolidated revenues in 2023 increased by 19% year-on-year, with an operating margin of 8% (9%). The year was marked by strong underlying results in key portfolio companies Volue, NSSLGlobal and ENRX, along with strong growth and profitability improvements in Tekna. In addition, AFK Vannkraft (hydropower) contributed with significant revenue and operating income, although reduced from the record year of 2022.

Operating in international markets, the AFK Group is naturally exposed to currency fluctuations. During 2023, the weakening of the Norwegian Krone contributed positively to revenue growth denominated in NOK in ENRX, NSSLGlobal and Tekna. A constant currency analysis based on translating financials from local currency to NOK for these three companies, estimates revenue growth to 11% for the Group in 2023, all else equal.

Arendals Fossekompani Parent Company reported revenue of NOK 519 million (628 million) and operating profit of NOK 335 million (450 million), largely driven by the contribution from hydropower production in AFK Vannkraft. Profit before tax amounted to NOK 510 million (996 million).

The financial position of Arendals Fossekompani Parent Company remains solid. The company's cash position as at 31 December amounted to NOK 1,064 million. In addition, the company has undrawn credit facilities of NOK 1,132 million, securing net available liquidity of NOK 2,196 million at year-end.

### Volue

Volue reported operating revenue of NOK 1,464 million (1,217 million) and adjusted EBITDA of NOK 267 million (203 million) in 2023. Volue continued their strong growth path, reporting organic revenue growth of 16% in 2023. The strong growth was driven by all segments, further fueled by Volue's acquisition of Enerim's energy market division in Q2. The acquisition was Volue's largest to date, creating the undisputed Nordic market leader within Portfolio Management-as-a-Service. Annual recurring revenue grew by 29%, reaching NOK 984 million by year-end, while Software-as-a-service revenue showed 41% growth year-on-year.

### NSSLGlobal

NSSLGlobal reported total revenue of GBP 91.8 million (88.0 million) and an operating profit of GBP 16.1 million

(17.7 million) in 2023. Increased maritime and government engineering projects, as well as high airtime volumes contributed to a continued solid revenue level for NSSLGlobal. Increased headcount and inflationary costs yielded a somewhat lower operating margin compared to 2022. The company experienced healthy sales throughout the year, including new NAVCOM orders, governmental and maritime engineering orders, as well as defence contracts across Europe.

### Alytic

Alytic reported total revenue of NOK 46 million (41 million) and an operating profit of NOK -85 million (-46 million) in 2023. Alytic continued the development and commercialisation of its portfolio of data- and technology-driven companies during 2023, increasing annual recurring revenue to NOK 42 million (61% growth). Highlights for the year included the launch of new products and analytics platforms in the portfolio companies, rebranding of Greenfact to Veyt and appointments of new CEOs in Kontali and Factlines.

### Tekna

Tekna reported operating revenue of CAD 40.9 million (26.9 million) and an adjusted EBITDA of CAD -4.1 million (-12.8 million) in 2023. Growth in operating revenue of 52% was driven by both the Materials and Systems segments. Significant new orders in both segments illustrated a positive shift in the market. During the year, Tekna implemented new capacity and achieved successful capacity upgrades of existing atomizers, while implementing cost-saving initiatives. Milestones reached in the metal powder market during 2023, securing sales of a wider range of the production yield, is expected to enhance product margins and liquidity. Tekna continues to prioritize improvements in profitability and cash generation. Tekna's development of nano nickel powders suited for the manufacturing of multi-layered ceramic capacitors (MLCCs) also progressed well during the year, and the company is engaging with several global MLCC developers.

### ENRX

ENRX reported total operating revenue of EUR 157.9 million (132.2 million) and an operating profit of EUR 10.1 million (-0.3 million) in 2023. Revenue growth of 19% was driven by a strong market for induction power source products, larger projects within the Heat division, and a smaller revenue contribution from the Charge division. The profitability improvement in 2023 was, in addition to an increased top line, impacted positively by the restructuring of parts of the German operations in 2022. Total order intake in 2023 ended at record-high EUR 166.5 million. ENRX manifested its position within the Charge segment during 2023, being awarded a contract to contribute to the construction of an electrified roadway in Florida, USA.

## Ampwell

Ampwell reported total revenue of EUR 4.9 million and an operating profit of EUR -9.4 million in 2023. Ampwell revenue and operating income were below targets in 2023, driven mainly by delayed customer investment decisions in Commeo's Commercial & Industrial target segment. The year was marked by the construction of Commeo's new semi-automatic production line, expected to be completed at the end of 2024. In addition, Collect Energy announced a commercial project with Volkswagen Group Charging GmbH (Elli) delivering automated control and communication solutions.

## AFK Vannkraft

AFK Vannkraft reported operating revenue of NOK 511 million (606 million) and an operating profit of NOK 414 million (535 million) in 2023. Earnings after tax amounted to NOK 119 million (148 million), as a result of the effective tax rate for AFK Vannkraft in 2023 of 71%. Electricity prices were significantly down from the record year of 2022, while production increased by 54% due to higher precipitation and inflow.

## SUSTAINABILITY

Arendals Fossekompani Group reported slightly reduced overall emissions in 2023 compared to 2022. Total Scope 1 emissions increased to 1,856 tCO<sub>2</sub>e in 2023, up from 1,744 tCO<sub>2</sub>e in 2022. Scope 2 emissions decreased for the second consecutive year to 2,319 tCO<sub>2</sub>e (2,470 tCO<sub>2</sub>e), while energy consumption increased slightly to 27,111 MWh (26,516 MWh). Scope 3 emissions includes the categories Business Travel, Waste, and Fuel-and-Energy-related activities. These emissions increased from 3,298 tCO<sub>2</sub>e in 2022 to 3,494 tCO<sub>2</sub>e in 2023.

Throughout 2023, we developed our reporting on the EU Taxonomy in line with the developments and new guidance from the European Commission regarding the EU Taxonomy Regulation. In 2023 we are proud to report on all six environmental objectives of the EU Taxonomy. The mapping reveals that Arendals Fossekompani contribute to multiple environmental objectives, covering Climate change mitigation, Climate change adaptation and Water and marine resources. Aligned turnover for the group was 21.2%, with a small decrease of 0.8% from 2022. Eligible, not aligned turnover for 2023 was 39.6% an increase of roughly 4% from 2022. The high percentage of eligible activities reflects the great potential in our portfolio companies.

The lost time injury frequency rate rose to 2.2 in 2023, up from 1.0 in 2022. Our commitment to the safety and well-being of our employees remains a priority as they are our most valuable asset. The sick leave was 2.7% in 2023, down from 3.0% in 2022. The representation of women on the Board of Directors decreased to 25% from 28% in 2022, partly due to the inclusion of more portfolio companies in the reporting, most of which are predominantly male-dominated. The turn-over rate was 14%, down from 16%.

## EVENTS AFTER THE CLOSE OF THE YEAR

On 8 February, the Board of Directors decided to pay an ordinary cash dividend of NOK 1.00 per share for the fourth quarter of 2023. The dividend was paid on 21 February.

## OUTLOOK

There is ongoing uncertainty associated with geopolitical turmoil, supply chain constraints, inflation, interest rates, as well as 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 2024 and forecasted production, revenue and operating profit for AFK Vannkraft are expected to be lower than in 2023.

AFK Group revenue is expected to be higher in 2024 than in 2023, driven by expected strong underlying growth in portfolio companies and revenue recognition of the third stage of the AFK Property development project Bryggebyen. Lower expected power prices partly offsets the growth. Operating profit is expected to be lower in 2024 compared to 2023, driven by energy prices and reduced margins in NSSLGlobal.

In 2024, Arendals Fossekompani will work to prepare for reporting according to Corporate Sustainability Reporting Directive (CSRD).

As four new environmental objectives of the EU Taxonomy will become mandatory for alignment reporting in 2024, we will focus on assessments to meet these requirements. Our goal is to further increase both eligible and aligned reporting in the years to come. The taxonomy will also be audited for the reporting year 2024, leading to increased focus on documentation.

As part of our validated Science Based Targets, we have committed science-based emission reduction targets for AFK Parent Company and AFK Hydropower. A roadmap to meeting these targets will be developed in 2024. Portfolio companies must set their own targets within 2027.

We aim to reach the goal of 50% female members on our Board of Directors in 2027. In addition, we aim to have 50% women in C-suite positions by 2027.

## SHARE PRICE

There is a total of 55,995,250 shares in the company. The share price on 31 December 2023 was NOK 164.8, compared to NOK 250.5 on 31 December 2022, corresponding to a decrease of -34%. When including direct yield (dividend payouts) in the same period, total decrease in shareholder value was -33%.

Arendals Fossekompani's total market capitalization was NOK 9.2 billion at year-end. Compounded annual return to AFK shareholders was 14.0% (24% including dividends) in the period December 2013 to December 2023.

# Group Management

Arendals Fossekompani Group Management employs 21 people at the head office in Arendal. The team focuses on active ownership of the portfolio companies, hydropower generation and development of new business opportunities.



Arendals Fossekompani's Management Team (left-right): CEO Benjamin Golding, Chief Sustainability Officer Ingunn Ettestøl, Executive Vice President Torkil S. Mogstad, Executive Vice President Håkon Tanem, CFO Lars Peder Fensli, and Executive Vice President Ann-Kari Heier.



Head office  
Arendal, Norway

Chair  
Trond Westlie

Chief Executive Officer  
Benjamin Golding

Employees  
21

Countries  
1

Group Management identifies and develops opportunities for value creation. As an active owner of our portfolio companies, we create value through the portfolio companies' boards and management teams. We develop strategy in dialogue with management, follow up performance and support M&A and financing. Our companies are both listed and privately owned, and Arendals Fossekompani is – as part of our strategy – the majority owner.

## FINANCIAL FIGURES (MNOK)

	2023	2022	2021
Revenue and other income	9	22	9
EBITDA	-75	-82	-60
Operating profit (EBIT)	-79	-86	-63
Operating margin	-	-	-
Earnings before tax (EBT)	101	461	1,283
Provision for income tax	5	5	30
Earnings after tax (EAT)	96	456	1,253
Operating cash flow	80	-539	310
NIBD	-1,107	-1,216	-931
Equity	2,325	2,228	1,772

## SUSTAINABILITY KPIs

	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	0	0	0
	Scope 2 GHG (Location based) (tCO <sub>2</sub> e)	1.8	0.3	0.3
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	29	34	46
	Energy consumption (MWh)	90	32	34
Social	Lost time injury frequency rate	0	0	0
	Sick leave	2.3%	1.3%	-
	Turn-over rate	14%	5%	0%
	Female employees	38%	38%	27%
	Women in Board of Directors	43%	43%	43%
Governance	Reported incidents/breach of CoC	0	0	-
	CoC signed	100%	100%	100%
	Corruption cases	0	0	0

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

## 2023 IN BRIEF

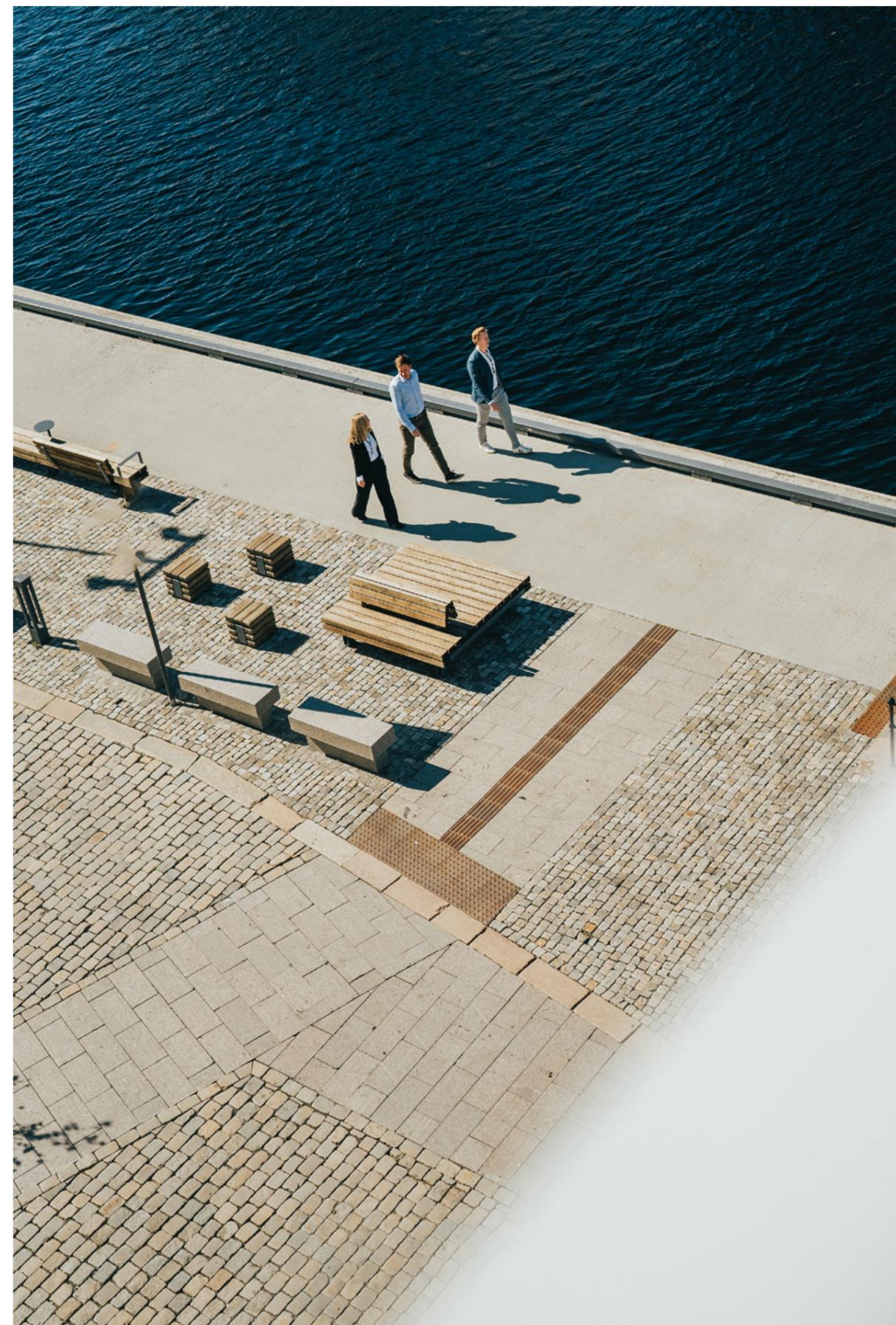
(Figures in parentheses refer to the same period the previous year)

In 2023, Arendals Fossekompagni Group Management reported operating expenses of NOK 84 million (105 million). The operating profit was NOK -79 million (-86 million). The lower cost level in 2023 compared to 2022 was mainly driven by less M&A activity. Net profit for the year was NOK 96 million, mainly driven by dividend payments from portfolio companies and interest income on intercompany loans.

Arendals Fossekompagni's financial position remains solid. The Parent Company's available cash on the 31st of December amounted to NOK 1,064 million. In addition, the company has undrawn credit facilities of NOK 1,132 million, securing available liquidity of NOK 2,196 million as per end of the quarter.

In 2023, Benjamin Kristoffer Golding commenced his position as new Chief Executive Officer of Arendals Fossekompagni. He came from a previous position as Group Executive Vice President of Products and Innovation at the Norwegian bank DNB and also brings experience from industry and industrial investment companies. Furthermore, during the fourth quarter of 2023, the executive management team welcomed two new members, Håkon Tanem and Ann-Kari Amundsen Heier, who assumed their roles as Executive Vice Presidents. Their appointments bring valuable industrial and financial expertise to the company.

Arendals Fossekompagni Group Management's GHG emissions consist of Scope 2 and Scope 3. In 2023, Scope 2 was 0.5 tCO<sub>2</sub>e, a substantial increase from 0.3 in 2022. During 2023, we moved into larger office spaces, which led to a higher Scope 2 and energy consumption than previous years. The sick leave was 2.3% in 2023, up from 1.3% in 2022. The turn-over rate was 14% with two permanent employees and one temporary employee leaving the company, and there were five new hires. As in previous years, the rate of women on the Arendals Fossekompagni Board of Directors was 43%.



# Shareholder Information

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



We work to create shareholder value in the form of dividends and share price growth over time. In accordance with the company's Corporate Governance Report, approved by the Board of Directors, the company's dividend policy is defined as follows: "Arendals Fossekompni's dividend policy is to pay dividends that reflect the company's long-term strategy, financial position and investment capacity. Arendals Fossekompni's objective is to pay dividends that will provide shareholders with a competitive return over time."

### DIVIDEND FOR 2023

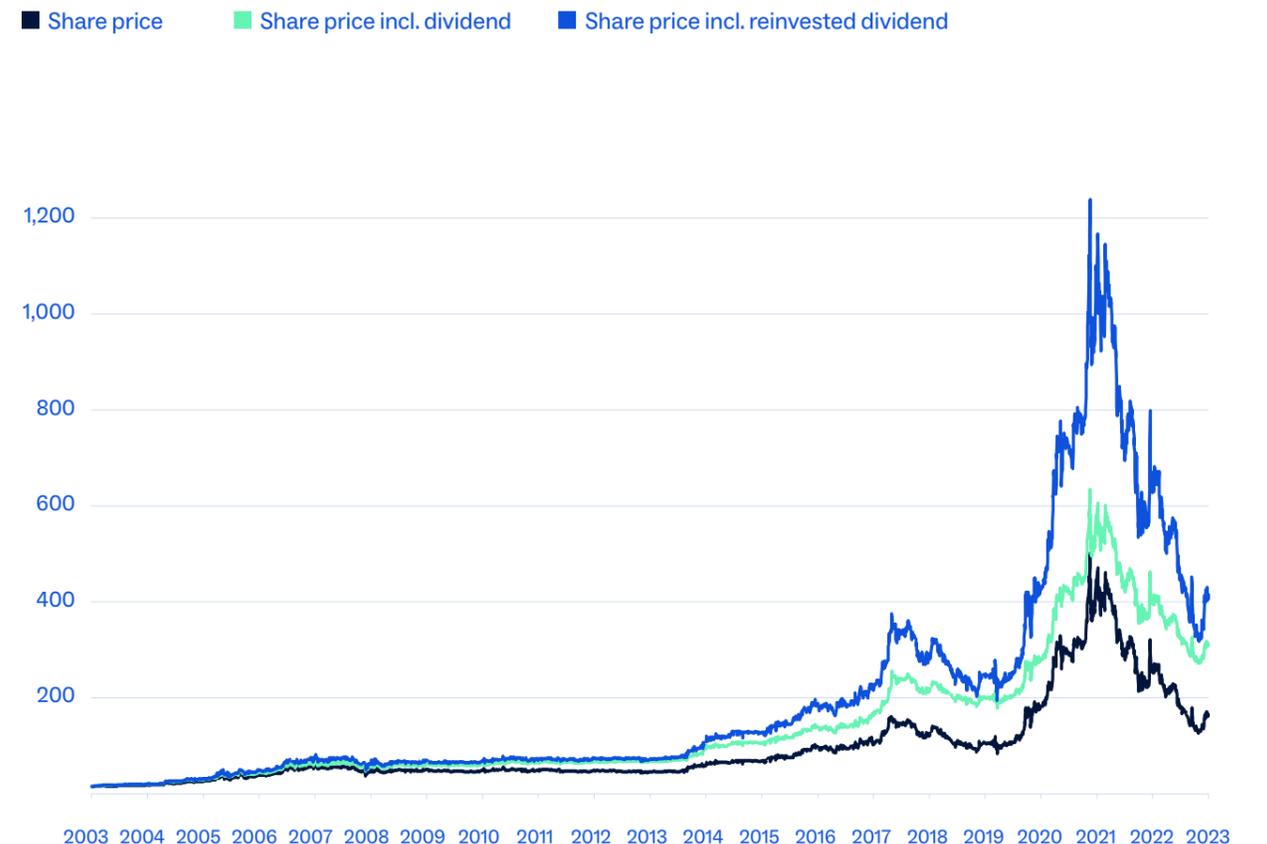
Total dividends paid in 2023 amounted to NOK 217 million, corresponding to NOK 3.95 per share. Total dividends paid were equivalent to 2.3% of the volume-weighted average share price in 2023.

### SHARES AND SHARE CAPITAL

On 31 December 2023, there was a total of 55,995,250 shares in the company, of which 1,137,911 were treasury shares (2.0% of the total number of outstanding shares). Arendals Fossekompni's three largest shareholders are Ulfoss Invest AS (26.3%), Havfonn AS (26.0%) and Must Invest AS (25.2%).

There were 5,295 shareholders at year-end 2023, compared to 4,999 shareholders at the end of 2022.

SHARE PRICE LAST 20 YEARS (NOK)



The Group's shares consist only of Class A shares, all of which have equal rights. In accordance with Article 11 of the company's Articles of Association, no shareholder may, personally or by proxy, vote for more than one quarter of the total number of shares.

Due to Arendals Fossekompani's hydropower production, the current Norwegian concession legislation stipulates, among other things, that a shareholder who acquires more than 20% of the total number of shares must apply for a concession. The Concession Act requires that the Board of Directors approve such acquisitions. There are several other provisions in the concession legislation that may entail that acquisition of the company's shares may have consequences for both the company itself and the other shareholders. Thus, the company has found it necessary to have the opportunity to deny approval of the acquisition of shares. In accordance with Article 7 of the Articles of Association, any acquisition by means of transfer is conditional on the Board's consent. Consent may only be denied if there is a valid reason for doing so.

#### STOCK EXCHANGE LISTING

Arendals Fossekompani ASA is listed on Oslo Børs under the ticker code AFK. The company was listed in 1913 and is the second oldest company on Oslo Børs. The shares are registered in the Norwegian Central Securities Depository with DNB ASA as the account operator and issuer. The securities identification number for the share is ISIN NO 0003572802.

#### CURRENT AUTHORISATIONS

At Arendals Fossekompani's Annual General Meeting on 4 May 2023, the Board of Directors was authorized to acquire treasury shares up to a maximum of 7.9%. In accordance with this authorization, the Board of Directors is only permitted to acquire treasury shares at a price ranging from a minimum of NOK 10 and a maximum of NOK 2,000 per share. This authorization will remain in effect until the Annual General Meeting in 2024. In 2023, the company acquired a net of 19,592 shares in connection with the company's incentive program.

#### OPTION SCHEMES

As of 31 December 2023, Arendals Fossekompani had no option schemes.

#### INVESTOR RELATIONS

Arendals Fossekompani seeks to maintain an open dialogue with shareholders, debtholders, financial analysts, and the stock markets in general. The company regularly holds presentations in connection with the publication of quarterly results. All company press releases, stock exchange announcements and investor relations information are available at [arendalsfossekompani.no](http://arendalsfossekompani.no). The website also includes reports, presentations, Articles of Association, financial calendar and more.

#### AUDIT COMMITTEE

The company's Audit Committee consists of Stine Rolstad Brenna (Chair), Morten Bergesen, and Anne Grethe Dalane.

#### NOMINATION COMMITTEE

The company's Nomination Committee consists of Morten Bergesen (Chair), Simen Flaaten, and Trine Must.

#### REMUNERATION COMMITTEE

The company's Remuneration Committee consists of Trond Westlie (Chair), Christian Must, Didrik Vigsnaes and Lise Lindbäck.

#### ANNUAL GENERAL MEETING

The Annual General Meeting is held as early in the year as is practically possible after the close of the previous financial year, usually in April or May.

21 days prior to the Annual General Meeting, meeting notices and attendance registration forms are sent to all shareholders with a known address and made available on the company's webpage and via the Oslo Børs distribution service.

The annual report and other enclosures to the meeting notice are made available solely via the company's webpage and the Oslo Børs distribution service. Shareholders who wish to receive the enclosures by post must contact the company. Shareholders who are unable to attend the meeting may vote by proxy.

Representatives from the Board of Directors and the auditor attend the Annual General Meeting. The Chief Executive Officer and the Chief Financial Officer attend on behalf of the management.

#### SHARE PRICE AND MARKET CAP

The price of shares in Arendals Fossekompani decreased by 34% in 2023 and closed at NOK 164.8 at year-end, corresponding to a market capitalization of NOK 9 billion.

#### TRADING VOLUME

Arendals Fossekompani trading volume was comparable to 2022, with a total of 3,457,029 shares traded in 2023, corresponding to 6.1% of all shares. Overall turnover from trading of the AFK share in 2023 was NOK 563 million, compared to NOK 1,299 million in 2022.

KEY FIGURES FOR AFK SHARE (NOK)	2023	2022	2021	2020	2019
Closing price 31/12 <sup>1</sup>	164.8	250.5	441.0	180.0	103.0
Annual growth (%)	-36.0	-43.0	145.0	75.0	-17.0
High/Low <sup>2</sup>	273 / 127	471 / 214	503 / 175	195 / 82	137 / 86
Share price average <sup>2</sup>	189	322	302	127	112
Market cap 31/12 (million)	9,228	14,027	24,204	9,863	5,639
Dividend per share <sup>3</sup>	4.0	7.6	37.1	3.4	2.2
Dividend accumulated	109.7	105.7	98.2	61.1	57.7
Annual turnover (million)	563	1,299	1,113	282	79
Volume	3,457,029	3,430,618	3,472,586	1,979,993	738,500
Total shareholder return (%)	-34.0	-41.5	166.0	78.3	-15.0

1. Numbers adjusted for share split effectuated in 2020.

2. Based on closing price.

3. Paid quarterly.

# Reporting 100 years ago

Production at Bøylefoss Hydropower Plant returned to full capacity in the second half of 1923, mirroring increased activity levels at the two major off-takers of electricity: Det Norske Nitridaktieselskap (producer of aluminum) and Arendal Smelteverk (producer of silicon carbide).

TOTAL REVENUES FOR THE YEAR

NOK 1,100,000

NET PROFIT

NOK 457,000

DIVIDEND PAID TO SHAREHOLDERS

NOK 288,000

# 1923



# 02 Portfolio



Karthik Prabhu  
Sales and Service Engineer, ENRX

Assets	34
Digitalisation & Big Data Analytics	36
Volve	38
NSSLGlobal	42
Alytic	46
Electrification & Materials	50
Tekna	52
ENRX	56
Energy Transition	60
AFK Vannkraft	62
Ampwell	66
Vergia	70
Property	72
AFK Property	74

# Arendals Fossekompani Assets

Investments are made based on a long-term perspective and concentrated within four areas: Digitalisation & Big Data Analytics, Electrification & Materials, Energy Transition, and Property.

## Digitalisation & Big Data Analytics

Anything that can be digital, will be digital. By enabling and assisting digital transformation and providing critical insight and communication services, our portfolio of companies are frontrunners in the digital space.

### volue

AFK ownership 60%	Head office Oslo, Norway
Market cap (31.12) NOK 3,057 million	Listed on Oslo Børs

### 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 and storage will grow, as will demand for new materials and additive manufacturing. We invest in companies that install intelligence into an electric future and who enable more efficient manufacturing of better products.

### TEKNA

AFK ownership 70%	Head office Sherbrooke, Canada
Market cap (31.12) NOK 1,039 million	Listed on Oslo Børs

### ENRX

AFK ownership 95%	Head office Skien, Norway
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## Energy Transition

We have produced hydropower for generations. As the world is shifting away from fossil fuels, we are looking to capitalize on our competence and history to contribute to a more sustainable energy system.

### VANKRAFT

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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## Property

### AFK | Property

AFK ownership 100%	Head office Arendal, Norway
-----------------------	--------------------------------

# Our portfolio of Digitalisation & Big Data Analytics Companies

Anything that can be digital, will be digital. By enabling and assisting digital transformation and providing critical insight and communication services, our portfolio of companies are frontrunners in the digital space.



## volue

AFK ownership  
60%  
Market cap (31.12)  
NOK 3,057 million

Head office  
Oslo, Norway  
Listed on  
Oslo Børs

## NSSLGlobal

AFK ownership  
80%

Head office  
London, UK

## alytic

AFK ownership  
95%

Head office  
Arendal, Norway

# Volue

## Portfolio company

Arendals Fossekompni established Volue in 2020 based on the belief that the world of energy would become increasingly volatile, and this would require new ways of thinking, new competence, and new technology. Since then, Volue has continued to build its European presence while expanding to other continents. Serving as a provider of competence and software to enable its customers to succeed in the energy transition, Volue enjoys a profitable and promising position.



## volue

Head office  
Oslo, Norway

Chair  
Benjamin Golding

Chief Executive Officer  
Trond Straume

Ownership  
60%

Employees  
825

Countries  
9

Volue is a European industrial software & data company based on 50 years of experience. Over 800 employees provide critical products and services to more than 2,500 customers across energy production, power grid, and infrastructure, helping to ensure a sustainable, flexible, and reliable future. Volue is active in 40+ countries.

FINANCIAL FIGURES (MNOK)	2023	2022	2021
Operating revenue	1,464	1,217	1,041
EBITDA	208	147	138
Adjusted EBITDA	267	203	214
Operating profit (EBIT)	80	40	45
Operating margin	5%	3%	4%
Earnings before tax (EBT)	63	36	40
Operating cash flow	-97	214	131
NIBD	382	-330	-267
Equity	850	809	767
Equity ratio	40%	43%	44%

SUSTAINABILITY KPIs	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	18	17	0
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	224	111	96
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	403	404	89
	Energy consumption (MWh)	2,405	2,040	2,078
Social	Lost time injury frequency rate	0	0	0
	Sick leave	2.9%	2.7%	-
	Turn-over rate	9%	17%	11%
	Female employees	23%	23%	23%
Governance	Women in Board of Directors	50%	50%	50%
	Reported incidents/breach of CoC	0	1	-
	CoC signed	89%	97%	89%
Corruption cases	0	0	0	

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

## 2023 IN BRIEF

(Figures in parentheses refer to the previous year)

In 2023, Volue reported operating revenue of NOK 1,464 million (1,217 million), continuing the strong path with 20% growth from 2022. EBITDA amounted to NOK 208 million (147 million). Adjusted EBITDA was NOK 267 million (203 million), corresponding to an adjusted EBITDA margin of 18%. The operating profit was NOK 80 million (40 million), while the ordinary profit before tax was NOK 63 million (36 million).

Organic growth in 2023 came in at 16%, driven by all segments. The Power Grid and Infrastructure segments were stronger contributors to growth than in recent years, with 26% and 21% respectively. The Energy segment grew at a rate of 22% from 2022.

Annual recurring revenue (ARR) grew by 29% from 2022, reaching NOK 984 million by year-end. Software-as-a-Service (SaaS) revenue grew by 41% year-on-year. The company is continuing to build a highly sticky customer base and yet again reported an annual churn well below 2%.

Volue's next-generation optimisation suite, Smart Power, was launched in April 2023, and the solution had great momentum during the year. Agreements were made with significant customers in both the Nordic home market and the European growth market. In Japan, the solution attracted its first deal, representing an increased product offering in the country, following the proven market fit of the Insight platform. Additionally, the solution was brought live by multiple major producers in Europe, fortifying Volue's position in continental Europe.

In the Energy segment, Volue sees significant growth coming from new asset owners entering the power production market. These players will be smaller in size, possess leaner organisations and lack the capabilities to monetise assets twenty-four hours a day. For these players, Volue offers its software with a service layer on top, allowing them to participate in the market through Portfolio-Management-as-a-Service. In this context, the acquisition of Enerim's energy market division, completed during the second quarter of 2023, provides an excellent platform for scaling this business, and creates an undisputed Nordic market leader, poised for European growth.

The Power Grid segment closed new ARR sales of 26 million in 2023, adding to Volue's robust foundation. Spark, Volue's initiative targeting Distributed Energy Resources continued its momentum. Four power grid operators joined the 'Spark by Volue' partner ecosystem in 2023 to manage local grid constraints by introducing incentives for grid-aware charging of EVs, water heaters, and batteries. In November, the largest Norwegian energy supplier introduced Spark's week-long smart charging advice in their consumer app, and by end of year, 16 smart charging service providers have joined Spark.

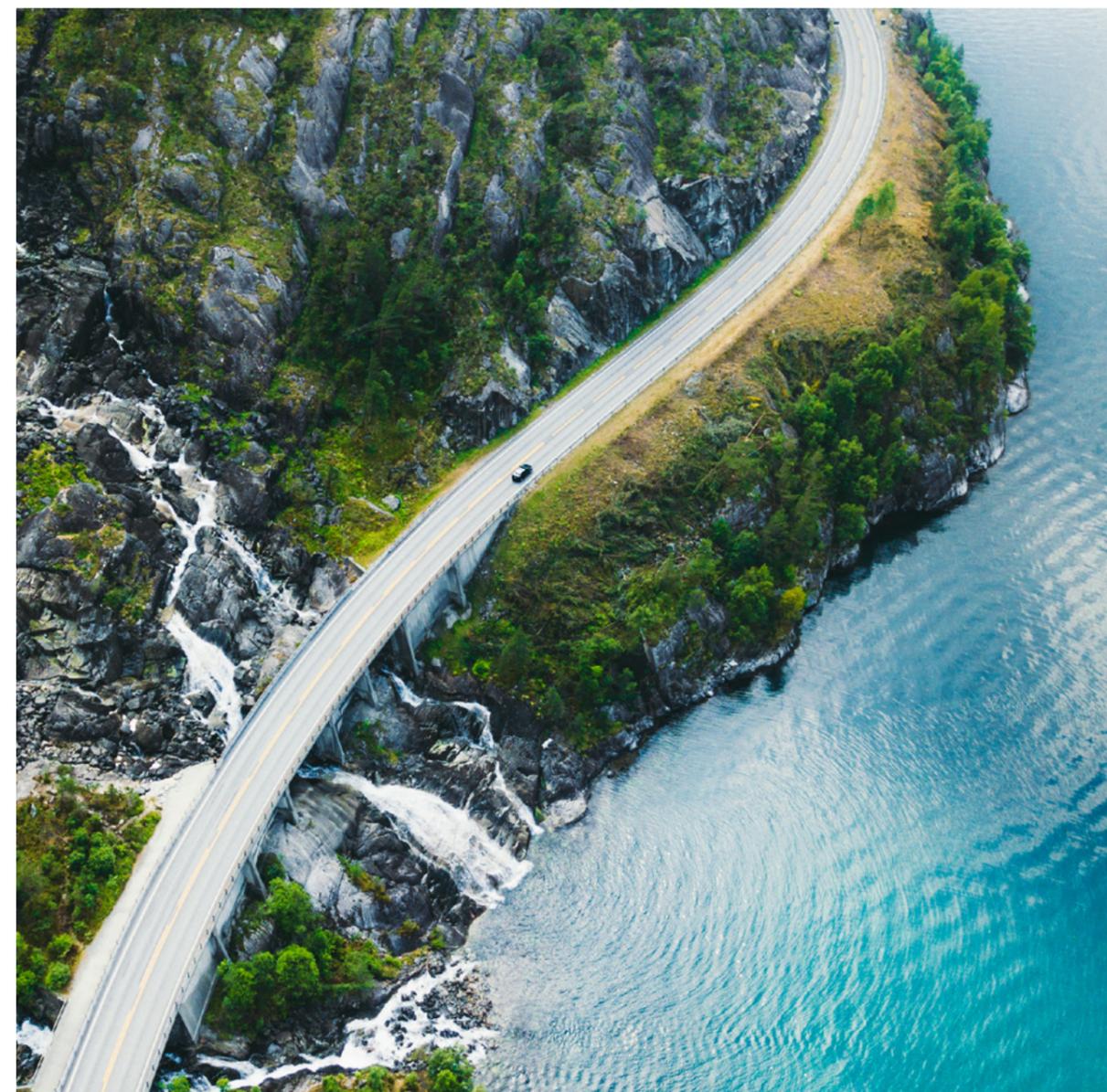
The Infrastructure segment won 100 new logos in 2023, and the Construction product line has reached 90 customers in Sweden. Volue's confidence in global scalability for the segment keeps growing. Despite no proactive marketing activities outside the Nordic home market, the Infrastructure segment now has customers in eight countries. This is a testament to the inherent business value of the products for the Construction industry.

There has been a significant increase in Scope 2 emissions since 2022, rising from 111 tCO<sub>2</sub> to 224 tCO<sub>2</sub>. This rise is closely linked to the hiring of new employees and the acquisition of new offices. Volue has done a complete reporting on the EU Taxonomy. The share of Taxonomy-aligned turnover for Volue is 34%, which is driven by Volue's segments Water and communities, Power Grid and Industrial IoT Renewables. 50% of Volue's Board of Directors are women.

## OUTLOOK

In 2023, Volue continued delivering on its strategy of international expansion. The market remains strong and attractive, and Volue is hard at work towards the goal of being the leading provider in Europe. Volue sees large opportunities to secure continued profitable growth and aims to develop its business both organically and structurally. Volue maintains the following long-term guidance to the market: annual long-term organic growth of 15%, NOK 2 billion in revenue by 2025, including M&A, and year-over-year increase of adjusted EBITDA margin, cash conversion, share of ARR, and SaaS revenue.

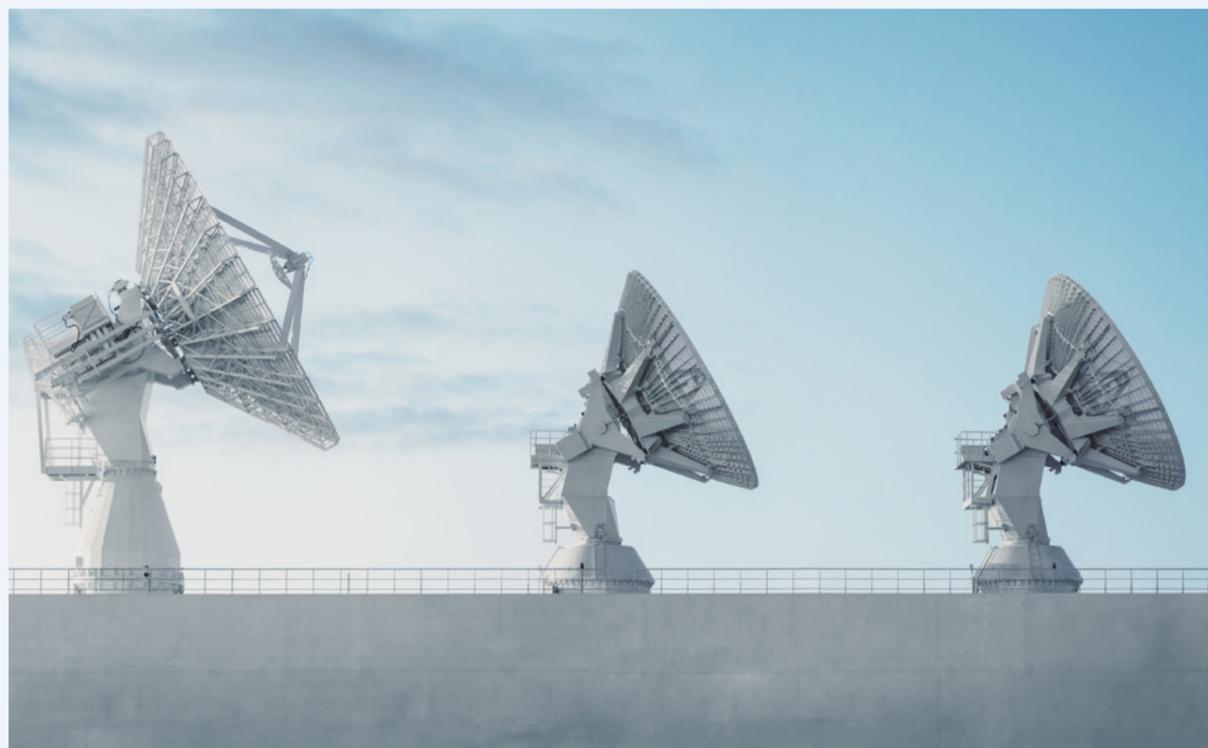
In 2024, Volue will work to increase the quality of environmental reporting in line with the requirements of CSRD. Volue has also committed to emission reduction targets in line with The Paris Agreement and will set a roadmap for how to reach these targets.



# NSSLGlobal

## Portfolio company

Arendals Fossekompagni has been the majority owner of NSSLGlobal since 2010. The company provides vital satellite data and communication services in demanding situations anywhere in the world. It builds on more than 50 years of experience within the maritime and military market segments. Leveraging worldclass technology and a unique understanding of its clients, the company has delivered solid results over the last decades.



## NSSLGlobal

Head office  
London, UK

Chair  
Arild Nysæther

Chief Executive Officer  
Sally-Anne Ray

Ownership  
80%

Employees  
247

Countries  
10

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. The revenue model is to a large degree based on multi-year subscription and support contracts, thereby securing a significant recurring revenues.

FINANCIAL FIGURES (MNOK)	2023	2022	2021
Operating revenue	1,204	1,042	907
EBITDA	231	255	208
Operating profit (EBIT)	211	209	166
Operating margin	18%	20%	18%
Earnings before tax (EBT)	209	236	178
Operating cash flow	122	154	197
NIBD	-346	-340	-299
Equity	608	524	458
Equity ratio	57%	57%	57%

SUSTAINABILITY KPIs	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	208	180	83
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	201	120	125
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	286	270	100
	Energy consumption (MWh)	2,113	1,563	1,024
Social	Lost time injury frequency rate	0	0	0
	Sick leave	1.4%	1.8%	-
	Turn-over rate	18%	24%	1.8%
	Female employees	27%	22%	22%
	Women in Board of Directors	33%	33%	50%
Governance	Reported incidents/breach of CoC	0	0	-
	CoC signed	100%	100%	100%
	Corruption cases	0	0	0

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

Currency rates  
(NOK/GBP) Average 2023: 13.13. Average 2022: 11.85. End 2023: 12.93. End 2022: 11.85.

## 2023 IN BRIEF

(Figures in parentheses refer to the previous year)

NSSLGlobal reported revenues of GBP 91.8 million (88.0 million) in 2023. EBITDA amounted to GBP 17.6 million (21.5 million). Operating profit was GBP 16.1 million (17.7 million), while the ordinary profit after tax was GBP 12.5 million (15.0 million).

Revenue growth in 2023 was largely driven by increased maritime and government engineering projects, as well as continued high demand for airtime related to operational activity caused by global turmoil.

The reduction in operating margin from 20% in 2022 to 18% in 2023 was largely related to increased costs caused by inflation and increased headcount.

The company experienced healthy sales throughout the year, including new NAVCOM orders, governmental and maritime engineering orders, as well as defence contracts across Europe. NSSLGlobal remains a significant service provider to the UK Ministry of Defence through a number of long-term framework agreements and recent contract wins for both commercial communication, ICT and entertainment services.

Examples of contract wins during Q4 include two maritime contracts, including a GBP 8.5 million 4-year contract with Seapeak - a FusionIPLEO upgrade across its fleet. NSSLGlobal also announced a new contract with the Hannover Fire Brigade Disaster response communications and a partnership with Farsounder to provide NSSLGlobal customers with forward-looking sonars useful for safe navigation and obstacle avoidance.

NSSLGlobal's FusionIPLEO service offering was rolled out to both existing and new customers in 2023. This includes a hybrid of the best of 4G/5G, GEO- and LEO-based satellite constellations. It combines the trusted benefits of a global, high availability GEO service with the low latency and high capacity from 4G/5G and LEO satellites. At the core of this service is NSSLGlobal's Smart@Sea platform providing secure and seamless solutions to the end user, as well as additional cyber, crew entertainment, IT, and management functionality.

2023 emissions have risen due to expanded office space and staff, along with the implementation of more thorough reporting measures.

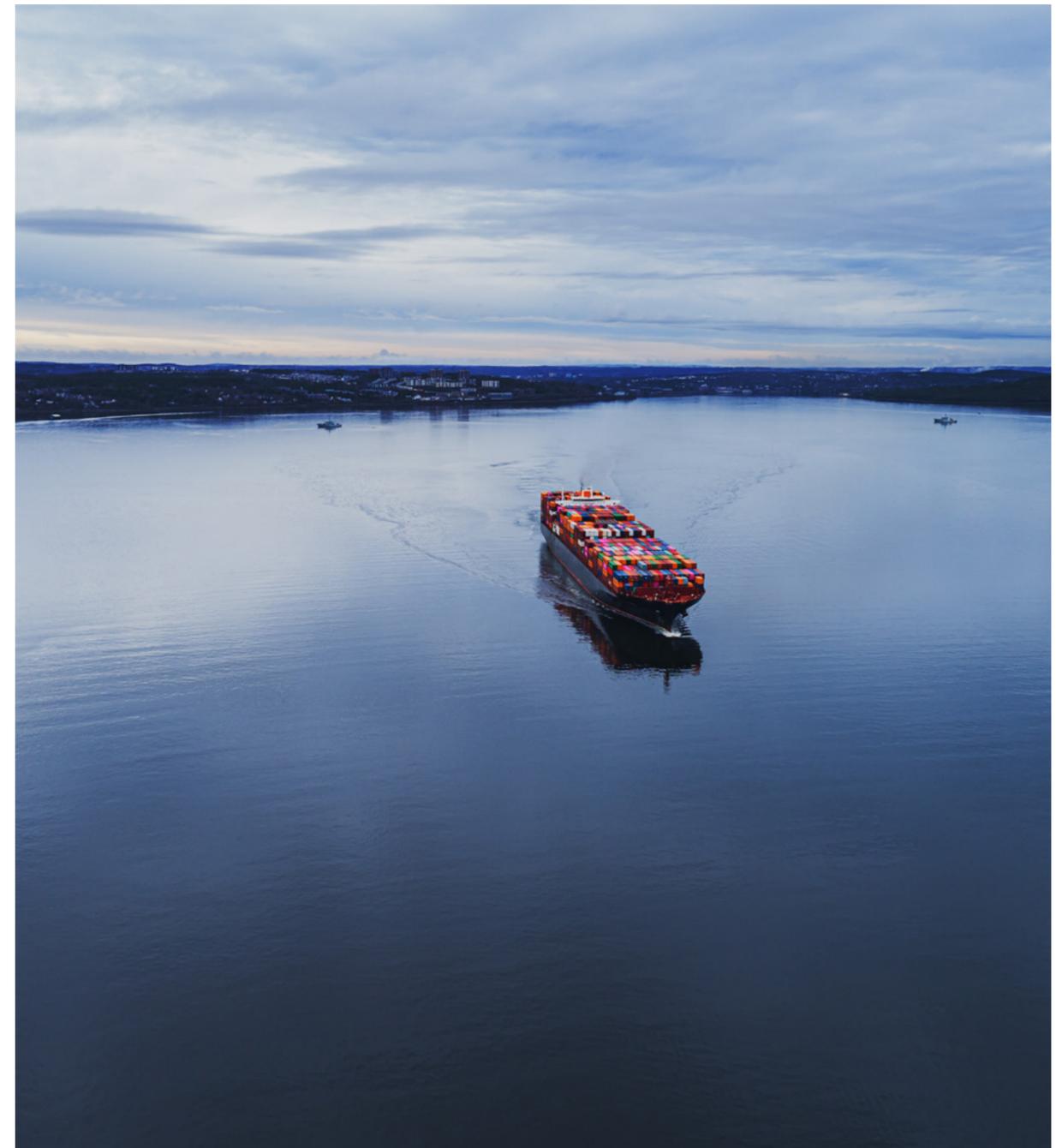
The share of Taxonomy-eligible, not aligned turnover for NSSL Global is 34%. Eligibility is driven by NSSL Global's communication system for disaster relief and its refurbishment and resale program. As such, NSSL contributes to both climate change adaptation and circular economy respectively. As of today, NSSL Global does not meet all alignment criteria.

An online awareness training program covering the organisation's Code of Conduct, including anti-bribery and corruption, modern slavery, financial, business, personal, data, and trade integrity, was developed and completed by 100% of staff. The turnover rate has decreased by 6% since 2022, partly due to the implementation of flexible working schemes and efforts to foster a stronger organisational culture. The portion of female staff is up 5% due to increased focus.

## OUTLOOK

NSSLGlobal expects 2024 revenue to be in line with 2023, driven by a solid pipeline for project sales, both maritime and government. Operating profit is expected to be lower than in 2023, driven by lower expected airtime margins, increased engineering staff to support engineering projects, as well as inflationary cost increases.

NSSLGlobal's long-term goal is to reduce greenhouse gas emissions by 50% by 2035. The company aims to engage locally to identify environmental initiatives which can support local communities, and to identify certified schemes which can offset greenhouse gas emissions. Furthermore, NSSLGlobal will continue its oversight of key vendors to ensure legislative compliance of policies and procedures.



# Alytic

## Portfolio company

Established by Arendals Fossekompni in 2020, Alytic creates value by developing B2B Software-as-a-Service companies, and by leveraging expertise and data. There is significant untapped potential in utilizing data effectively for insights and actions across numerous industries and markets, in addition to a growing demand for more advanced solutions to manage, analyse and present information.



## alytic

Head office  
Arendal, Norway

Chair  
Lars Peder Fensli

Chief Executive Officer  
Espen Zachariassen

Ownership  
95%

Employees  
122

Countries  
3

Alytic acts as a growth catalyst for future-oriented companies and works to establish leading businesses within their respective industries. The Alytic investment team collaborates closely with their portfolio companies to drive value through strategic development, leadership support, sales enhancement, HR and talent acquisition, and by leveraging data science and technology. The current Alytic portfolio of companies includes Kontali, a world-leading aquaculture data and analyses provider, Veyt, a market intelligence provider for low carbon markets, Factlines, a technology provider for ESG reporting, and Utel, a provider of services for telecom network monitoring and analysis.

FINANCIAL FIGURES (MNOK)	2023	2022	2021
Total revenue	46	41	27
EBITDA	-71	-41	-12
Operating profit (EBIT)	-85	-46	-16
Operating margin	-184%	-112%	-58%
Earnings before tax (EBT)	-85	-45	-16
Operating cash flow	-55	-35	-12
NIBD	4	-18	-17
Equity	140	132	80
Equity ratio	62%	67%	74%

SUSTAINABILITY KPIs	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	0	0	0
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	6	2.4	Incl. in AFK
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	82	57	-
	Energy consumption (MWh)	291	324	-
Social	Lost time injury frequency rate	0	0	-
	Sick leave	2.0%	3.2%	-
	Turn-over rate	5.5%	13%	17%
	Female employees	30%	32%	36%
Governance	Women in Board of Directors	17%	21%	50%
	Reported incidents/breach of CoC	0	0	-
	CoC signed	92%	20%	0%
Corruption cases	0	0	0	

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

## 2023 IN BRIEF

(Figures in parentheses refer to the previous year)

Alytic reported total revenue of NOK 46 million (41 million) and an operating profit of NOK -85 million (-46 million) in 2023. As a result of robust product development and strong focus on commercialisation, Alytic achieved notable financial milestones in 2023, increasing annual recurring revenues (ARR) to NOK 42 million (+61% year-over-year).

Veyt grew ARR by 74% year-over-year. Veyt launched a new analytics platform and underwent a rebranding from Greenfact in Q1. Veyt's first carbon market coverage and first premium analytics product, a long-term Guarantees-of-Origin price forecast, were launched along with the new platform. Maintaining robust product development throughout the year, Veyt launched the EU ETS product in Q3.

Kontali grew ARR by 52% year-over-year. Kontali successfully migrated existing customers onto Edge, Kontali's seafood analytics platform, after launching Edge in Q4 of 2022. As a result, Kontali's legacy analytics offering reached end-of-life in Q2 of 2023. In Q3, Kontali launched a new global shrimp insights offering. Kjetil Angell Kjerstad, a strong technology leader, was appointed CEO of Kontali in Q4. He assumes the position in April 2024.

Factlines grew ARR by 128% year-over-year. Factlines had a strong year in terms of both new product launches and ARR growth. Factlines' rewritten and redesigned supply chain transparency product, SUSAN, was soft-launched in Q2, and as of Q4, all existing customers were migrated onto the new product. Continuing the growth journey, Factlines maintained full speed ahead and launched an EU Taxonomy product with pilot customers in Q4. Before the end of the year, former Hill+Knowlton top executive Henrik Halvorsen was appointed CEO of Factlines. He assumed the position in January 2024.

Utel grew ARR by 9% year-over-year. Utel continued the testing and development of their general anomaly detection solution. With a particular focus on fraud detection, Utel made significant progress in 2023 with regards to both product development and commercialisation. In Q4, the solution was deployed with a key customer for further testing and development. Utel is going into 2024 with a strong sales pipeline and sees significant growth potential from emerging technologies and an increased market need to fight and prevent fraud.

Alytic conducted a thorough analysis of the EU taxonomy. The eligibility percentages of turnover is 53% and 48%, driven by the platforms of Kontali and Veyt. These platforms contribute to climate change mitigation and climate change adaptation objectives. Regarding OpEx, Alytic's operational expenses fall outside the EU Taxonomy's definition. As of today, Alytic does not fulfill all criteria for alignment.

Strong emphasis on developing management groups, teams, and work processes, in conjunction with co-location strategies, led to reduction of the turnover rate from 13% to 6%.

## OUTLOOK

Alytic is positioned to continue its upward trajectory, leveraging strategic accomplishments from 2023. The company maintains its focus on data-driven products and SaaS solutions and expects this to drive further solid ARR growth and market expansion.

Alytic continues to invest in its existing portfolio and to search for new acquisition targets.



3D scene

# Our portfolio of Electrification & Materials Companies

Anything that can be electric, will be electric. As a result, demand for electricity and storage will grow, as will demand for new materials and additive manufacturing. We invest in companies that install smartness into an electric future and that enable more efficient manufacturing of better products.



## TEKNA

AFK ownership  
70%  
Market cap (31.12)  
NOK 1,039 million

Head office  
Sherbrooke, Canada  
Listed on  
Oslo Børs

## ENRX

AFK ownership  
95%

Head office  
Skien, Norway

# Tekna

## Portfolio company

Arendals Fossekompni acquired Tekna in 2013 to pursue the opportunities presented by a unique and promising technology developed at the University of Sherbrooke in Canada. Tekna produces plasma systems and spherical metal powders in different alloys and sizes, suitable for additive manufacturing and with additional future potential in industries such as manufacturing of multi-layer ceramic capacitors.



Space shuttle landing 3D



Head office  
Sherbrooke, Canada

Chair  
Dag Teigland

Chief Executive Officer  
Luc Dionne

Ownership  
70%

Employees  
222

Countries  
5

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 consumer electronics sectors, as well as optimised induction plasma systems for industrial research and production. With its unique, IP-protected plasma technology, the company is well positioned in the growing market for advanced nanomaterials within the microelectronics industry.

FINANCIAL FIGURES (MNOK)	2023	2022	2021
Operating revenue	320	199	184
EBITDA	-64	-124	-71
Adjusted EBITDA	-32	-95	-32
Operating profit (EBIT)	-97	-153	-89
Operating margin	-30%	-77%	-49%
Earnings before tax (EBT)	-107	-166	-98
Operating cash flow	-88	-145	-89
NIBD	125	-28	-211
Equity	294	389	531
Equity ratio	50%	72%	82%

SUSTAINABILITY KPIs	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	589	585	577
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	30	34	42
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	520	755	432
	Energy consumption (MWh)	11,563	11,508	7,435
Social	Lost time injury frequency rate	8.1	2.7	3.4
	Sick leave	3.3%	3.0%	-
	Turn-over rate	19%	22%	15%
	Female employees	27%	26%	23%
	Women in Board of Directors	57%	40%	0%
Governance	Reported incidents/breach of CoC	0	1	-
	CoC signed	78%	91%	82%
	Corruption cases	0	1	0

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

Currency rates  
(NOK/CAD) Average 2023: 7.83. Average 2022: 7.38. End 2023: 7.68. End 2022: 7.28.

## 2023 IN BRIEF

(Figures in parentheses refer to the previous year)

In 2023, Tekna increased revenue by 52% to CAD 40.9 million (26.9 million). Adjusted EBITDA improved by CAD 8.7 million to CAD -4.1 million (-12.8 million). The company secured significant new orders during 2023, for both systems and materials for Additive manufacturing, indicating a positive shift in the market. Total order backlog per year-end amounted to CAD 24.0 million (25.0 million).

One of Tekna's main priorities during 2023 was to build capacity to meet growing demand. The Systems business generated 90% year-over-year top-line growth, driven by sales of PlasmaSonic and R&D scale plasma units. 2023 saw Tekna securing 12 new orders for its innovative plasma systems, including the inaugural sale of the PlasmaSonic ICPT-15 system.

Materials revenue increased by 36% from 2022, driven by successful capacity upgrades and the commissioning of a new atomizer, both improving material availability, and reducing delivery times. Tekna achieved important milestones in the metal powder market during 2023 to secure sales of a wider range of the production yield. Capitalizing on the demand for smaller particle sizes, Tekna increased its sales to the consumer electronics industry during the year. Additionally, a new collaboration with TriTech Titanium Parts highlighted Tekna's pioneering role in supplying titanium powder for binder jet 3D printing, a promising technology across various industries. Both milestones are expected to enhance product margins and reduce inventory burden going forward.

Another priority during 2023 for Tekna was to improve profitability and cash generation. The improvement in adjusted EBITDA underscores Tekna's consistent organisational efforts and determination to improve margin and cash availability. Tekna has implemented several cost-saving initiatives and managed inflationary costs, especially on raw materials. Tekna also signed a CAD 25 million term loan facility agreement with Arendals Fossekompni to support operations and growth.

Espen Schie was appointed as new CFO of Tekna in January. Schie brings extensive financial management experience. He came from the role as Vice President of Finance & Controlling at Arendals Fossekompni ASA.

Tekna continues to improve energy efficiency in its powder production. A kilogram of powder is now produced with 24% less energy than in 2019 (baseline year).

Tekna has done a complete reporting on the EU Taxonomy. All of Tekna's economic activities are eligible under the EU Taxonomy, where 63% represents the aligned turnover. The KPIs are predominantly driven by the production and sale of additive material powders, contributing to climate change mitigation.

The state of diversity in the company continues to improve slowly. At year-end, the Board of Directors had 57% (+17%) female directors. 27% (+1%) of all employees were female. The lost time injury rate was impacted by three work-related injuries compared to one in 2022.

## EVENTS AFTER THE CLOSE OF THE YEAR

In February, Tekna announced a provision related to the company's 50/50 joint venture in conjunction with the Q4-2023 report. Even though no formal decision has been made by the joint venture partners, Tekna considers it unlikely that the business activities of the joint venture will continue unchanged. Tekna expects the contemplated changes will have a positive impact on cash flow going forward.

## OUTLOOK

In 2024, Tekna anticipates sustained margin improvement, leveraging increased revenue and ongoing efforts to enhance organisational productivity. The order backlog and available capacity supports revenue growth in 2024. The company remains committed to expanding its additive materials segment, which continues to be a fast-growing market with significant revenue potential. Tekna will also be prioritising opportunities in microelectronics and leveraging its technology and strong position in the market to drive growth.

After a few investment-intensive years, the company plans to ease on capex for one to two years. For additive materials, Tekna now has a satisfactory machine base installed, and available machines to be installed and commissioned. Tekna has R&D capability to further increase the output of the machines and has high ambitions for sales of smaller and larger size powder fractions. The company expects this will improve cash conversion of inventory. The company's cash position remains satisfactory, with an available undrawn loan facility from its majority shareholder, Arendals Fossekompni. The company is following a plan to carefully manage its cash position going forward.

Tekna has a strong pipeline of potential orders for Systems, namely for PlasmaSonic wind tunnel solutions that are pivotal to the development of hypersonic flight and spacecraft.

In microelectronics, Tekna's development efforts continue with industry leading customers. The company has also explored opportunities within energy storage but will remain focused on its existing operating segments for the time being.

Tekna's roadmap to profitability includes focus on operational excellence, right-sizing the organisation, and prioritizing R&D efforts towards PlasmaSonic systems, additive manufacturing and microelectronics. The company will remain strategic in its approach to near-term revenue opportunities.

In 2024, Tekna will continue to map scope 3 upstream and downstream emissions and formalise its decarbonisation plans. Tekna will continue to focus on occupational health and safety and keep improving the workplace. Tekna's GRI reporting will be more extensive. The company will have its sustainability report audited and will follow-up after the due diligence process started with Factlines to assess its top 25 suppliers. For the EU Taxonomy mapping, Tekna plans to continue aligning its activities according to technical screening criteria, which mainly relates to retrieving the required documentation.

# ENRX

## Portfolio company

Following Arendals Fossekompani's acquisition of IPT Technology in May 2022, IPT Technology and long-standing portfolio company EFD Induction was comprised in the new company, ENRX. As a frontrunner within both induction charging and induction heating systems, ENRX is established as a global powerhouse for induction technology, serving several large industries.



Induction road 3D

## ENRX

Head office  
Skien, Norway

Chair  
Benjamin Golding

Chief Executive Officer  
Bjørn E. Petersen

Ownership  
95%

Employees  
1,103

Countries  
20

ENRX combines global market leadership for industrial induction heating systems (Heat) with leading technology in the high-growth market for wireless induction charging solutions for mobility and industrial applications (Charge). Industries served by ENRX include automotive, renewable energy/wind energy, pipe fabrication, electronics, cable, and mechanical engineering. Leveraging decades of experience, ENRX was established in 2022 and has operations in 20 countries.

### FINANCIAL FIGURES (MNOK)

	2023	2022	2021
Operating revenue	1,800	1,338	1,171
EBITDA	198	75	143
Operating profit (EBIT)	116	-3	83
Operating margin	6%	0%	7%
Earnings before tax (EBT)	71	-20	72
Operating cash flow	4	46	96
NIBD	777	558	172
Equity	417	384	405
Equity ratio	21%	22%	36%

### SUSTAINABILITY KPIs

	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	957	895	980
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	1,788	2,162	2,559
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	1,999	1,724	1,534
	Energy consumption (MWh)	9,666	10,160	11,490
Social	Lost time injury frequency rate	3.1	1.1	2.3
	Sick leave	2.8%	3.5%	-
	Turn-over rate	18%	13%	2.2%
	Female employees	15%	16%	15%
	Women in Board of Directors	25%	17%	0%
Governance	Reported incidents/breach of CoC	0	0	-
	CoC signed	48%	65%	100%
	Corruption cases	0	0	1

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

Currency rates  
(NOK/EUR) Average 2023: 11.42. Average 2022: 10.10. End 2023: 11.24. End 2022: 10.51.

## 2023 IN BRIEF

(Figures in parentheses refer to the previous year)

ENRX reported operating revenue of EUR 157.9 million (132.2 million) in 2023. EBITDA amounted to EUR 17.4 million (7.4 million). The operating profit was EUR 10.1 million (-0.3 million), while the ordinary 2023 profit before tax was EUR 6.3 million (-2.0 million).

19% revenue growth during 2023 was driven by a strong market for induction power source products, larger projects within the Heat division, and a smaller revenue contribution from the Charge division. In geographical terms, the company saw solid growth in Europe and Asia, while the growth in North America was somewhat softer due to supply chain disturbances and delayed deliveries.

Operating costs increased during the year, backed by the increased revenue, as well as restructuring costs related to parts of the German business (EUR 1.5 million). ENRX IPT (Charge), acquired in 2022, had a negative EBIT contribution of EUR -1.5 million. Adjusted for restructuring costs related to the German operation, operating profit for the full year was EUR 11.6 million, corresponding to an EBIT margin of 7.4% (3.1%).

Overall, the Heat segment did well across all activity areas, with difficult market conditions in North America offset by strong demand from Asia. Total order intake in 2023 ended at a record-high EUR 166.5 million (157 million), of which induction power sources contributed EUR 61.2 million, the service and after sales reached EUR 54.8 million, and the sale of induction hardening machines ended at an order intake of EUR 37.9 million.

The market position within Charge was manifested during 2023, as ENRX was awarded a contract to contribute to the construction of an electrified roadway in Florida, USA. The contract contributed EUR 12.7 million to the 2023 order intake.

Scope 1 emissions increased slightly compared to 2022 and are back at 2021 levels. Electricity consumption is significantly reduced due to efforts in all sites, including solar panel installation and a switch to LED armatures. Overall, ENRX is pleased to report reduced CO<sub>2</sub> emissions as a result of conscious actions.

According to the EU Taxonomy mapping, the share of Taxonomy-eligible, not aligned turnover for ENRX is 74%, the majority of which comprises sale of induction power generators, contributing to climate change mitigation. ENRX also contributes to the circular economy objective through its sales of spare parts. As of today, ENRX does not meet all alignment criteria

ENRX reached a 20% women employee ratio in some locations (China, Thailand, Malaysia, and Norway), while the overall ratio of women employees was reduced to 2021 levels of 15%. Sick leave rate was reduced to 2.8%, down from 3.5% in 2022. The increase in Lost Time Injury frequency rate from 1.1 in 2022 to 3.1 in 2023 was not anticipated as ENRX certified their main production sites to ISO 45001 health & safety management systems. An increase in turn-over rate is related to restructuring of ENRX Germany in 2023.

## OUTLOOK

An order backlog of EUR 86 million (94 million) creates a solid fundament for continued profitable growth in 2024, and the market for heating products is still considered strong. That said, ENRX expects the market to soften somewhat in the coming months as decision processes typically take longer, and orders are pushed.

Electrification is likely to experience tremendous growth over the next decade. The global trend is shifting from gas and flame heating to more energy-efficient and eco-friendly alternatives, such as induction heating. To remain at the forefront of induction technology, ENRX continues its R&D efforts. In the second quarter of 2024,

the company will launch a small mobile air-cooled induction heating generator that can be used virtually everywhere electricity is found.

For several years, ENRX has been the leading supplier of equipment to the renewable power sector. The acquisition of ENRX IPT and establishment of the Charge segment, opens a growing and potential large market within wireless charging solutions. This is expected to generate long-term revenue and cost synergies to further improve the company's operational leverage.

The Charge division activities in 2024 are mainly related to the Dynamic Road project in Florida and R&D activities within the main activities: Charging for public transport, Industrial low power charging, and Industrial high-power charging.

Revenue is expected to be in line with 2023 and operating profit is expected to be higher in 2024 than in 2023.

Solar energy collection and hydrogen brazing will be implemented in a new production facility scheduled to open in Poland in Q1 2024. Initiatives to continue to replace energy-intensive devices are ongoing. Assessment to expand solar panel installations will be initiated.



# Our portfolio of Energy Transition Companies

We have produced hydropower for generations. As the world is shifting away from fossil fuels, we are looking to capitalize on our competence and history to contribute to a more sustainable energy system.



## 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

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.



### AFK VANNKRAFT

Head office  
Froland, Norway

Chair  
Trond Westlie

Operating Manager  
Jan Roald Evensen

Employees  
17

Countries  
1

Running water is an important part of our running business. For more than 100 years, we have extracted energy from the river Nidelva in the Arendal watercourse and produced around 500 GWh a year, equivalent to the consumption of around 30,000 Norwegian households. Both the Bøylefoss and Flatenfoss hydropower plants have long and proud histories, and it was their development that laid the foundation for a power-intensive industry in the Arendal region.

FINANCIAL FIGURES (MNOK)	2023	2022	2021
Operating revenue	511	606	373
Operating profit (EBIT)	414	535	298
Operating margin	81%	88%	80%
Earnings before tax (EBT)	414	535	298
Provision for income tax	294	387	130
Earnings after tax (EAT)	119	148	169

SUSTAINABILITY KPIs	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	27	20	23
	Scope 2 GHG (Location based) (tCO <sub>2</sub> e)	1.3	1.9	2.6
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	11	7.8	18
	Energy consumption (MWh)	322	357	277
Social	Lost time injury frequency rate	0	0	0
	Sick leave	3.6%	5.0%	-
	Turn-over rate	0%	0%	0%
	Female employees	12%	13%	13%
	Women in Board of Directors	43%	43%	43%
Governance	Reported incidents/breach of CoC	0	0	-
	CoC signed	100%	100%	100%
	Corruption cases	0	0	0

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

AFK Vannkraft reported revenues of NOK 511 million (606 million) in 2023. EBITDA amounted to NOK 425 million (545 million) and an operating profit of NOK 414 million (535 million). Provision for income tax amounted to NOK 294 million (387 million) in 2023.

In 2022, the Norwegian government increased the resource rent tax from 37% to 45% and included a high-price contribution tax on realized monthly average electricity prices above NOK 0.7/kWh. The high-price contribution tax was abolished with effect as of 1 October 2023.

Electricity prices decreased from the record year of 2022, with an average price in the NO2 price area of 79.4 EUR/MWh (211 EUR/MWh) in 2023. The high price-level in 2022 was a result of several factors, including low hydro reservoir levels, strong interconnections between the NO2 price area, and the European power market. High prices for coal, gas, and CO<sub>2</sub> lifted the European prices for electricity. The lower price levels for 2023 are a result of higher hydro reservoir levels and lower price levels for coal, gas, and CO<sub>2</sub>. AFK Vannkraft has a defined strategy of selling hydropower production in the day-ahead (spot) market.

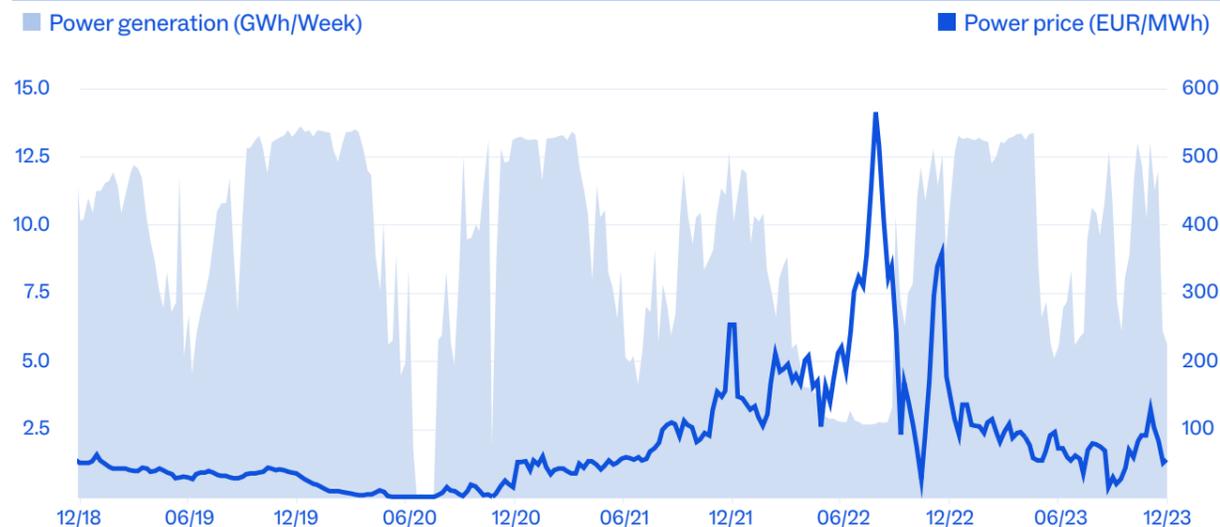
The hydropower plants had some minor interruptions due to planned maintenance and inspections in 2023. Power generation increased to 542 GWh (351 GWh). In 2023, precipitation and inflow in 2023 were around 107% and 108% of the norm for the watercourse. The accumulated amount of snow and the reservoir levels in the watercourse were respectively 35% and 95% of the norm.

In 2023, AFK Vannkraft started the preparatory work for construction of a new hydropower plant, Kilandsfoss. Located in Nidelva between the two existing hydropower plants, Bøylefoss and Flatenfoss, the hydropower plant will produce an annual average of 38 GWh once finalized. The estimated build time is around two years. Kilandsfoss hydropower plant is scheduled to start electricity production in 2026.

AFK Vannkraft is required by law to improve the power plants and associated dam facilities. Consequently, Arendals Fossekompani is planning upgrades to both Bøylefoss and Flatenfoss plants in the coming years. The reconstruction of dams will start once detailed requirements have been agreed upon with the Norwegian Water Resources and Energy Directorate (NVE). The rehabilitation of the Bøylefoss hydropower plant building started in 2023, and 25% of the rehabilitation has been completed per year-end. The rehabilitation of the exterior will continue in 2024 and is expected to be finalized within the next two to three years.

Power price in the NO2 price area and power generation for Arendals Fossekompani per week for the period 30/09/2022 – 31/12/2023.

POWER PRICE & POWER GENERATION



Essential audits and maintenance routines took place during the year with established control procedures for the hydropower facilities. In 2023, AFK Vannkraft conducted a risk and vulnerability assessment regarding impacts on the surrounding environment and nature. There was no unintended impact on the environment in 2023. AFK Vannkraft will conduct yearly environmental supervision on all hydropower sites. Species of fish affected by the hydropower stations have been the subject of an external audit. In 2023, there were three species of fish in the watercourse, the same as in previous years.

In 2023, Scope 1 emissions were 27 tCO<sub>2</sub>e, compared to 20 tCO<sub>2</sub> in 2022. The location-based Scope 2 emissions were 1.3 tCO<sub>2</sub>e, slightly lower than the year before. Led by the sale of electricity produced from run-of-river hydropower plants, AFK Vannkraft has a Taxonomy-aligned turnover of 100%. Moreover, AFK Vannkraft has conducted façade rehabilitation at the Bøylefoss power plant, contributing to its aligned CapEx. Through its operations, AFK Vannkraft contributes to climate change mitigation. AFK Vannkraft works with risk and vulnerability assessment on HSE and work tasks to identify possible hazards and increase awareness. All incidents are recorded. In 2023, there were no incidents.

OUTLOOK

Considering the market's estimated power price trends for 2024, water levels and forecasted production, AFK Vannkraft expects revenue and operating profit for 2024 to be lower than in 2023. Actual power 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. In 2024, the market price for gas and CO<sub>2</sub> are forecasted to be lower than in 2023, driven by less instability in the markets and increased renewable energy production in Europe, resulting in less need for thermal energy.

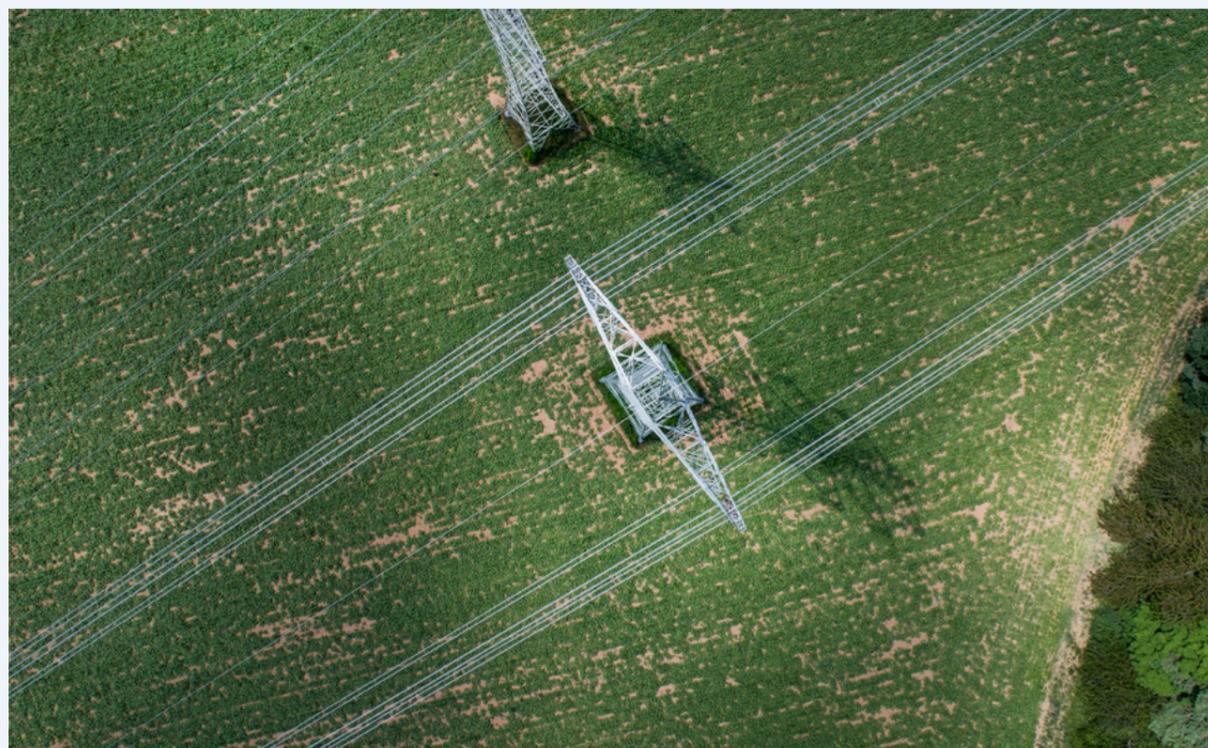
Within sustainability, AFK Vannkraft will include biodiversity in the environmental supervisions and conduct new TCFD and TNFD analyses on their locations.



# Ampwell

## Portfolio company

Arendals Fossekompagni established Ampwell 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 enable the green transition, to reduce energy cost and increase security of supply. Ampwell's solutions enable the full utilization of non-flexible and volatile power production from wind and solar, thereby securing a functional and stable energy grid. Ampwell's solutions can also connect battery units to the power markets, creating new revenue streams from frequency balancing and energy trading.



## ampwell

Head office  
Arendal, Norway

Chair  
Torkil Mogstad

Chief Executive Officer  
Torkil Mogstad

Ownership  
100%

Employees  
102

Countries  
3

Ampwell currently consists of the German energy storage provider Commeo, acquired in 2022, and the Spanish energy storage software provider Collect Energy, co-founded in 2022. Per year-end, Arendals Fossekompagni owned 54.9% of Commeo Holding GmbH and 61% of Collect Energy.

Commeo provides solutions for commercial and industrial (C&I) energy storage by manufacturing battery modules and rack systems, including control units and software. Commeo systems typically range from 50 kWh to 2 MWh, lar plug-and-play setup allows for even larger systems. The company's battery modules offer complex functionality, long cycle life and extended safety features, targeting customers with advanced energy storage needs.

Collect Energy develops and offers an energy management system for monitoring, analysis and control of battery storage systems. The solutions enable the connection of multiple batteries, independent of manufacturer and technology, are specifically designed for the stationary storage market and will help customers optimize the value of stored energy.

FINANCIAL FIGURES (MNOK)	2023	2022	2021
Operating revenue	54	105	-
EBITDA	-83	-38	-
Operating profit (EBIT)	-108	-53	-
Operating margin	-201%	-50%	-
Earnings before tax (EBT)	-123	-62	-
Operating cash flow	-206	-64	-
NIBD	879	379	-
Equity	-86	31	-
Equity ratio	-9%	6%	-

SUSTAINABILITY KPIs	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	38	26	-
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	66	15	-
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	55	36	-
	Energy consumption (MWh)	375	227	-
Social	Lost time injury frequency rate	5.2	17	-
	Sick leave	3.8%	6.4%	-
	Turn-over rate	9.1%	17%	-
	Female employees	21%	17%	-
	Women in Board of Directors	0%	0%	-
Governance	Reported incidents/breach of CoC	0	0	-
	CoC signed	0%	0%	-
	Corruption cases	0	0	-

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

Currency rates  
(NOK/EUR) Average 2023: 11.42. Average 2022: 10.10. End 2023: 11.24. End 2022: 10.51.

## 2023 IN BRIEF

Revenue for 2023 amounted to EUR 4.9 million, and operating profit in the same period was EUR -9.4 million. Revenue was mainly related to battery module sales in Commeo and a small revenue contribution from Collect Energy. Battery module sales in Commeo during 2023 were adversely impacted by delayed customer investment decisions in Commeo's target segment, being impacted by a softening German economy. Moreover, a temporary price cap on electricity and proposed battery subsidies in the German market contributed to delayed investments in energy storage in the commercial & industrial segment. Commeo is working on calibrating its sales organization and segment focus, in order to optimize sales going forward.

Commeo is expanding its production capacity through the construction of a new semi-automatic production line. When completed at the end of 2024, it will make the company a significant manufacturer of battery modules for the commercial and industrial market in Germany.

Collect was still in a build-up mode throughout 2023, developing the required software solutions to address the key market segment. Customer revenues were limited during the year. However Collect was able to build up a pipeline of large utility scale customer prospects with promising revenue potential. In addition, Collect entered into an agreement to assist the Volkswagen Group Charging GmbH (Elli) in trading on Europe's largest power exchange during 2023.

Emissions has increased substantially for Ampwell with 38 tCO<sub>2</sub>e in Scope 1 (26 tCO<sub>2</sub>e) and 66 tCO<sub>2</sub>e in Scope 2 (15 tCO<sub>2</sub>e). Since Ampwell obtained majority ownership of Collect in 2023, emission data from their business has been included in the reporting. These emissions do not impact the overall emissions for Ampwell substantially. Scope 3 increased from 227 tCO<sub>2</sub>e in 2022 to 375 tCO<sub>2</sub>e in 2023.

According to the EU Taxonomy mapping, the share of Taxonomy-eligible, not aligned turnover for Ampwell is 100%, mainly driven by its development and production of systems and software for energy storage and management solutions. As of today, Ampwell does not meet all alignment criteria.

## OUTLOOK

While Commeo's 2023 sales were below expectation, the fundamental growth trend for battery storage solutions is still strong. Commeo's main target segment of Commercial & Industrial customers is estimated to grow its installed energy storage base by an average annual growth rate of 12% towards 2030 in the German market. Commeo was able to secure improved pricing from key suppliers in 2023, expected to contribute positively to sales and margins in 2024. Longer sales processes within Commeo's target segment will however dampen short-term growth rate.

Following last year's launch of an important pilot project with Volkswagen's charging company Elli, Collect Energy is now targeting several companies with utility scale storage portfolios that need to be managed. Being able to provide both monitoring, analytics and control functions as an independent provider makes Collect's service offerings unique in the market.

Ampwell expects to generate higher revenues in 2024 compared to last year. Operating profit is expected to remain negative due to the ramp-up of Commeo's new battery module production plant, as well as Collect's continuing software development costs.



# Vergia

## Portfolio company

Arendals Fossekompni established Vergia early in 2022 to combine all existing green infrastructure projects and related portfolio companies to 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.

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

### OFFSHORE WIND

Arendals Fossekompni 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 domestic and international operations.

### 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 Fossekompni has more than 125 years of experience in industrial development and green power production. Eydehavn in Arendal is being developed as the first production site. Production is expected to start in 2027.

### SMALL-SCALE HYDROPOWER

Vergia has two small-scale hydropower development projects; Kilandsfoss and Glomsdam, which can contribute to an annual power production of 38 GWh and 7 GWh, respectively. An investment decision to start construction of Kilandsfoss hydropower plant was made in the first quarter of 2023. The project is under construction and expected to be completed in 2026.



Head office  
Oslo, Norway

Chair  
Trond Westlie

Chief Executive Officer  
Martin Kjäll-Ohlsson

Ownership  
100%

Employees  
3

Countries  
1

### ENERGY PARKS

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

### HYDROGEN

Vergia, Kongsberg Maritime and Moreld have partnered to develop a combined off-shore substation and hydrogen factory. HydePoint 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, HydePoint 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.

### FINANCIAL FIGURES (MNOK)

	2023	2022	2021
Total revenue	1	1	-
EBITDA	-8	-7	-
Operating profit (EBIT)	-8	-7	-
Operating margin			
Earnings before tax (EBT)	-28	-18	-2
Operating cash flow	-15	-7	
NIBD	19	5	-10
Equity	-12	9	18
Equity ratio	-93%	28%	-

### SUSTAINABILITY KPIS

	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	0	0	-
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	0.1	0.1	-
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	5.7	2.8	-
	Energy consumption (MWh)	10	9.1	-
Social	Lost time injury frequency rate	0	0	-
	Sick leave	0%	0.8%	-
	Turn-over rate	0%	0%	-
	Female employees	67%	67%	-
	Women in Board of Directors	0%	0%	-
Governance	Reported incidents/breach of CoC	0	0	-
	CoC signed	100%	100%	-
	No of corruption cases	0	0	-

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

# Our portfolio of properties

Arendal Fossekompani`s property portfolio includes an urban development project, an airport and center for aviation and other stand-alone properties. All property-related companies and property investments are comprised in AFK Property.



AFK ownership  
100%

Head office  
Arendal, Norway

# AFK Property Portfolio Company

AFK Property comprises all property related companies and property investments in Arendals Fossekompani.



## AFK | Property

Head office  
Arendal, Norway

Chair  
Lars Peder Fensli

Chief Executive Officer  
Tom Krusche Pedersen

Ownership  
100%

Employees  
5

Countries  
1

The portfolio of AFK Property is diverse. It includes the development of a new urban residential area in Arendal, as well as various properties connected to our portfolio companies.

FINANCIAL FIGURES (MNOK)	2023	2022	2021
Total revenue	18	35	510
EBITDA	2	6	40
Operating profit (EBIT)	-10	-7	27
Operating margin	-55%	-19%	5%
Earnings before tax (EBT)	-14	-10	25
Operating cash flow	29	-40	309
NIBD	168	136	70
Equity	185	206	215
Equity ratio	30%	47%	46%

SUSTAINABILITY KPIs	2023	2022	2021	
Environment	Scope 1 GHG (tCO <sub>2</sub> e)	21	20	-
	Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	1.3	1.5	-
	Scope 3 GHG (tCO <sub>2</sub> e) <sup>1</sup>	103	7.3	34
	Energy consumption (MWh)	276	295	-
Social	Lost time injury frequency rate	0	0	0
	Sick leave	0%	3.8%	-
	Turn-over rate	0%	0%	-
	Female employees	0%	0%	0%
Governance	Women in Board of Directors	0%	0%	0%
	Reported incidents/breach of CoC	0	0	-
	CoC signed	40%	100%	0%
Corruption cases	0	0	0	

1. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.

### BRYGGEBYEN

The largest company in the property portfolio is Vindholmen Eiendom, which is transforming an old shipyard area into a new urban residential and commercial zone under the name Bryggebyen. The transformation will take 10-15 years to complete and will establish 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 per year-end. The sales will be recognised as revenue upon hand-over of the apartments, which is expected to take place in Q2 2024.

Arendals Fossekompani also plans to build an indoor swimming facility at Bryggebyen. Arendal municipality has signed a long-term rental agreement, and a final investment decision is expected within 2024.

### ARENDAL AIRPORT & PROPERTY GULLKNAPP

AFK Property is the majority owner of Gullknapp, which is comprised of an airport and an attractive 200,000 sqm industrial and commercial area. The main user of the airport facility is OSM Aviation Academy which runs a pilot school on the premises.

### 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 lent to Arendals Fossekompani's portfolio company ENRX on a 15-year bare-house agreement. As the city of Skien expands, this 12,000 sqm river property will be attractive both for commercial and residential development.

AFK Property is in the process of developing new facilities for ENRX, providing approximately 2,500 sqm of new offices, production- and storage space. The building process has started and is expected to be completed in Q1 2024.

### LONGUM PROPERTY

This 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 factory. After the process to regulate the Longum property for commercial development started, the first inquiries for purchasing and/or renting space have been registered.

### BEDRIFTSVEIEN 17

Bedriftsveien 17 is in the middle of the emerging commercial area Krøgenes, three kilometers east of downtown Arendal. The 3,500 sqm building has been completely refurbished and is now fully let to Volue Industrial IoT (rebranded to Scanmatic as of 1 January 2024) on a 25-year bare-house agreement. The area has grown in attractiveness following the completion of a new feed-in road to the E18 highway.

### SUSTAINABILITY

Scope 1 and Scope 2 emissions are at similar levels as in 2022 and are all from operations at Arendal Lufthavn Gullknapp. Scope 3 emissions have substantially increased from 2022 levels due to emissions from waste at building site 3 at Bryggebyen. For Bryggebyen, there is a focus on reducing carbon emissions and increasing waste management during the construction phase. At Arendal Lufthavn Gullknapp, AFK Property monitors chemical oxygen demand and noise levels. The chemical oxygen demand is well below the 10 tonnes limit, and noise levels are satisfactory.

The share of Taxonomy-eligible, not aligned turnover for AFK Property is 28%. The existing buildings and current development projects were built or designed before the EU Taxonomy was adopted and does therefore not meet the alignment criteria. AFK Property aims to increase alignment in the future, primarily focusing on new construction projects.

AFK Property had 3 new hires during 2023, increasing the number of employees substantially from 2 to 5. There were no employees leaving the company. All employees and Board of Directors are men.



# From the Boardroom

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Ane Schøning  
Chief Financial Officer, Factlines

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# Board of Directors



## Trond Ødegård Westlie

Chairperson

Trond Westlie (1961) has held the position as Chair of the Board of Directors of Arendals Fossekompani ASA since May 2022. He is an experienced executive and Chief Financial Officer for large international public corporations. Westlie brings a broad understanding of the financial markets and years of relevant board experience. Westlie is a Certified Public Accountant, holding a MSc degree in accounting and auditing from the Norwegian School of Economics.

Independent of Executive Management

Current positions: Group CFO, Executive Vice President and Member of the Executive Board in Ørsted A/S (from April 1, 2024)

Current board positions: Wilh. Wilhelmsen Holding ASA, Shama AS

Board meetings attended in 2023: 10



## Morten Bergesen

Board Member

Morten Bergesen (1974) has been a member of the Board of Directors of Arendals Fossekompani ASA since May 2004. He is an experienced chairperson with a demonstrated history of working in a broad range of industries, serving both Norwegian and international companies. Bergesen holds a master's degree in economics from BI Norwegian Business School.

Independent of Executive Management

Current board positions: Aksjefonn AS, Bergehus Holding AS, Breifonn AS, IFM AG, Klynge, THF AS, UMC AG

Board meetings attended in 2023: 10



## Stine Rolstad Brenna

Board Member

Stine Rolstad Brenna (1965) has been a member of the Board of Directors of Arendals Fossekompani ASA since September 2020. She is an experienced CFO, investor and board professional, serving both Norwegian and international companies. Brenna holds a master's degree in corporate finance, international business and strategy from BI Norwegian Business School.

Independent of Executive Management

Current board positions: Incari GmBH, Fount AS, Lyse AS, Lørenskog kommunale pensjonskasse, Rabbalshede Kraft AB, Theion GmBH

Board meetings attended in 2023: 10



## Lise Lindbäck

Board Member

Lise Lindbäck (1970) has been a member of the Board of Directors of Arendals Fossekompani ASA since May 2022. She brings extensive and broad experience from financial markets, with a proven ability to manage high performing teams in an international environment. Lindbäck holds a master's degree in economics and business administration from the Norwegian School of Economics.

Independent of Executive Management

Current position: Investment Director, Abler Nordic

Current board positions: Alpha Corporate Finance AS, SEWA Grih Rin Ltd., SubK Impact Solutions Ltd.

Board meetings attended in 2023: 10



## Didrik Vignæs

Board Member

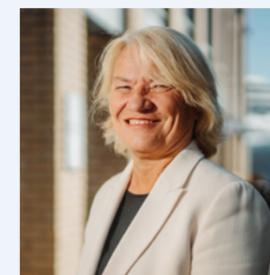
Didrik Vignæs (1966) has been a member of the Board of Directors of Arendals Fossekompani ASA since May 2016. He brings decades of experience as CEO of investment companies, and he is a seasoned board professional serving a wide range of companies. Vignæs holds a bachelor's degree in business administration from the University of Bradford School of Management.

Independent of Executive Management

Current position: CEO Vicama AS, CEO Ulfoss Invest AS

Current board positions: Dima AS, Zone Security AS, Vicama Capital AS, Malling & Co Vekst AS, Oseberget Eiendom AS

Board meetings attended in 2023: 10



## Anne Grethe Dalane

Board Member

Anne Grethe Dalane (1960) has been a member of the Board of Directors of Arendals Fossekompani ASA since May 2022. She brings extensive leadership experience from Yara and Hydro and is a long-standing board member of several international companies. Dalane holds a master's degree from the Norwegian School of Economics.

Independent of Executive Management

Current board positions: BW LPG, PGS

Board meetings attended in 2023: 10



## Christian Must

Board Member

Christian Must (1973) has been a member of the Board of Directors of Arendals Fossekompani ASA since May 2021. He brings extensive business development experience across industry verticals and has served as a board professional for a wide range of companies. Must holds a master's degree in industrial economics and technology management from the Norwegian University of Science and Technology and AFA from the Norwegian School of Economics.

Independent of Executive Management

Current board positions: DN Media Group, Cenate, Must AS, Vedeld AS

Board meetings attended in 2023: 10

# Board of Directors' Report

A long-term approach in times of volatility

In times marked by geopolitical turmoil, supply-chain constraints, inflation, and global volatility in general, Arendals Fossekompagni remains true to its core values: Collaborative, Long-term, Dynamic, and Responsible.



With more than a century of industrial history, we continue to develop our companies with a sustainable and long-term perspective. Our ambition is to utilize our competencies to build world-leading positions in industries driven by global megatrends. We do this by taking the long-term view on objectives, while relentlessly working to improve our performance in our day-to-day efforts. Long-term perspective requires patience.

Our ambition is to build Arendals Fossekompagni even stronger in order to serve as the best owner for our portfolio companies. This implies developing the portfolio based on industry experience and understanding, financial competence and strength, and identifying synergies in the portfolio.

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

For details on the 2023 performance of our portfolio companies and the Arendals Fossekompagni Group, please see chapter 1 and 2 of this report.

Arendal is our hometown. We remain committed to contributing to the development of this great city and its people.

## REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

In the opinion of the Board of Directors, the annual financial statements provide a true and fair view of the company's and the group's position at the end of the year. There are no material uncertainties associated with the annual financial statements, and there are no other extraordinary circumstances that have affected the financial statements. The Board of Directors confirms that the accounts have been prepared based on the assumption that Arendals Fossekompagni is a going concern, and that this assumption continues to apply.

## BOARD OF DIRECTORS

At the Annual General Meeting in May 2023, Chair of the Board, Trond Westlie, and all Board members (Stine Rolstad Brenna, Morten Bergesen, Lise Lindbäck, Didrik Vignsnaes, Anne Grethe Dalane and Christian Must) were re-elected for a term of one year.

## PERSONNEL, EQUAL OPPORTUNITY, WORKING ENVIRONMENT AND THE NATURAL ENVIRONMENT

At the end of the year, Arendals Fossekompagni Parent Company had 38 employees of which 10 were women. The employment situation is marked by long-term relationships and stability. The company aims to improve the

gender balance. The Board of Directors currently consists of three women and four men. The working environment is considered good. Arendals Fossekompagni Parent Company has a separate committee for dealing with issues related to health, environment, and safety. There are representatives for employees and corporate management on the committee.

The average pay for men and women varies due to differences in job categories and seniority. A full disclosure of the guidelines for remuneration of the executive leadership team can be found in the separate Remuneration Report. Sick leave in the Parent Company amounted to 244 days (non-work related), which corresponds to 3.3% of the total working hours. There were no accidents or personal injuries of significance in 2023, nor any significant material damage.

- Sick leave at Volue was 2.9% (2.7%) in 2023. There was a total of 5,201 days of absence due to illness.
- Sick leave at Tekna was 3.3% (2.6%) in 2023. There was a total of 1,520 days of absence due to illness.
- Sick leave at NSSLGlobal was 1.4% (1.8%) in 2023. There was a total of 925 days of absence due to illness.
- Sick leave at ENRX was 2.8% (3.5%) in 2023. The company recorded a total of 6,996 days of absence due to illness.
- Sick leave at Ampwell was 3.9% (6.4%) in 2023. The company recorded a total of 783 days of absence due to illness.
- Sick leave at Alytic was 2.0% (3.2%) in 2023. There was a total of 536 days of absence due to illness.
- Sick leave at Vergia was 0% (0.8%) in 2023. The company recorded a total of 0 days of absence due to illness.
- Sick leave at AFK Property was 0% (3.8%) in 2023. The company recorded a total of 0 days of absence due to illness.

Arendals Fossekompagni's portfolio companies have health, environment, safety committees and other collaborative bodies in accordance with national legislation.

Arendals Fossekompagni Parent Company's operations have limited negative impact on the natural environment in the form of emissions to water and air. The Parent Company has conducted materiality analyses to find material risks and opportunities for the company related to environment, governance, and social issues. The main

positive contributions from the Parent Company are seen in the strategy for responsible investment and in being an active and demanding owner of its portfolio companies. The Parent Company also makes a positive environmental contribution through the production of renewable hydro power.

Operations in Arendals Fossekompáni's portfolio companies entail little risk of pollution of the natural environment. All portfolio companies have conducted materiality analyses and climate risk analyses to manage and measure this risk. To the extent that these analyses show that such risks exist, measures have been implemented in accordance with national legislation and guidelines to prevent any negative environmental impact. The company is aligned with the greenhouse gas emission reduction goals for 2030, as described in The Paris Agreement. Arendals Fossekompáni has submitted near-term company-wide emissions reduction targets in line with the Science Based Targets initiative.

#### EFFORTS TO PROMOTE THE PURPOSE OF THE ANTI-DISCRIMINATION AND ACCESSIBILITY ACT

It is important for Arendals Fossekompáni to promote equality in all areas and to prevent discrimination based on ethnicity, religion or disability. The Parent Company has evaluated, examined risks, analyzed causes and will implement measures according to the activity and reporting obligations in The Equality and Anti-discrimination Act. A separate report on Human Rights and Transparency Act is published and also available on the company's website.

#### RESEARCH AND DEVELOPMENT

Capitalised and expensed research and development costs in Arendals Fossekompáni's businesses totaled NOK 335 million (261 million) in 2023.

#### ETHICS AND SOCIAL RESPONSIBILITY

A report in accordance with Section 3.3 of the Norwegian Accounting Act regarding corporate social responsibility is included in Chapter 4. This part of the annual report is also available on the company's website.

Chapter 4 elaborates on Arendals Fossekompáni's efforts and guidelines in the areas of environment, social issues, and governance. KPIs and targets for improvements are aligned across the portfolio.

We set high ethical standards and communication with the outside world is to be open, clear and honest. The company is responsible for ensuring safe and good workplaces in the local communities where it is present. We seek to create value for society, customers, employees and owners. For many years, Arendals Fossekompáni Parent Company has based its activities on the utiliza-

tion of a local natural resource, and therefore wishes to contribute to value creation and social development within the Arendal region. The same applies to our portfolio companies and their local communities. We support Arendalsuka, an annual national politics and business event, and the Canal Street music festival, in addition to numerous initiatives within sports and culture.

#### IFRS

Arendals Fossekompáni has prepared the financial statements for the Parent Company and the Group in accordance with the principles in the International Financial Reporting Standards (IFRS) as adopted by the European Union.

#### THE ARENDALS FOSSEKOMPANI SHARE

There are a total of 55,995,250 shares in the company. As of 31 December 2022, a total of 1,137,911 were treasury shares which represents 2.0% of the total number of outstanding shares. The share price on 31 December 2022 was NOK 250.5 and on 31 December 2023 NOK 164.8. The company had 5,295 shareholders at year-end. The Board of Directors will propose that the Annual General Meeting renew the Board's authorization to purchase treasury shares within a total framework of 10% of the shares and within a price range of NOK 10-2000.

#### LIABILITY INSURANCE

Arendals Fossekompáni holds a Directors' and Officers' Liability Insurance with world-wide coverage.

#### FINANCIAL POSITION

The Parent Company's and Group's financial standing is good. The Board of Directors assumes that the assets of the Parent Company and Group provide a good foundation for future growth.

#### RISKS AND FACTORS OF UNCERTAINTY

Arendals Fossekompáni is exposed to credit risk, market risk and liquidity risk. These matters are described in detail in Note 16 in the annual financial statements for 2023.

There is particular uncertainty associated with geopolitical turmoil, supply chain constraints, inflation and interest rates, as well as the development of energy prices. The company has taken strong measures to ensure embargo compliance across the value chain

#### DIVIDENDS AND ALLOCATION OF NET PROFIT FOR THE YEAR

Arendals Fossekompáni announces dividends on a quarterly basis. The Board of Directors approves the quarterly dividends based on an authorization from the General Meeting. When deciding the quarterly dividends, the Board of Directors takes into consideration expected cash flow, capital expenditure plans, financing require-

ments and appropriate financial flexibility. In 2023, Arendals Fossekompáni paid dividends amounting to NOK 217 million. Arendals Fossekompáni's net profit for 2023 amounted to NOK -10 million. The Board of Directors proposes that the net profit is transferred to other equity.

#### OUTLOOK

Arendals Fossekompáni Group revenues are expected to be higher in 2024 than in 2023, driven by expected strong underlying growth in portfolio companies and revenue recognition of the third stage of the AFK Property development project Bryggebyen. Lower expected power prices, partly offsets the growth. Operating profit is expected to be lower in 2024 compared to 2023, driven by the latter, and reduced margins in NSSLGlobal.

The Board of Directors emphasises that significant uncertainty is associated with assessments of future circumstances and the exposure to risks, as outlined under "Risks and Factors of uncertainty".

#### VOLUE

Volue expects revenues and operating profit to be higher in 2024 compared to 2023. Volue guides on long term organic growth of 15% as well as improvements in adjusted EBITDA and cash conversion for 2024.

#### NSSLGLOBAL

NSSLGlobal expects 2024 revenues to be in line with 2023. Operating profit is expected to decrease in 2024 due to lower high-margin airtime revenues.

#### ALYTIC

Alytic expects revenues to be higher in 2024 compared to 2023. Operating profit is expected to remain negative in 2024, as companies in the Alytic portfolio are still in a growth phase.

#### TEKNA

Tekna expects revenues to be higher and operating profit to improve in 2024 compared to 2023.

#### ENRX

ENRX expects revenues in 2024 to be in line with 2023. Operating profit is expected to increase compared to 2023.

#### AFK VANNKRAFT

In light of the market's estimated power price trend for 2024, revenues and operating profit for AFK Vannkraft is expected to be lower than in 2023. Note that 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.

#### AMPWELL

Ampwell expects to generate higher revenues in 2024 compared to 2023. EBIT is expected to remain negative.

#### EVENTS AFTER THE CLOSING OF 2023

On 8 February, the Board of Directors decided to pay an ordinary cash dividend of NOK 1.00 per share for the fourth quarter of 2023. The dividend was paid on 21 February.

Froland, 11 April 2024

Trond Westlie,  
Chairman

Morten Bergesen,  
Board Member

Didrik Vignæs,  
Board Member

Christian Must,  
Board Member

Stine Rolstad Brenna,  
Board Member

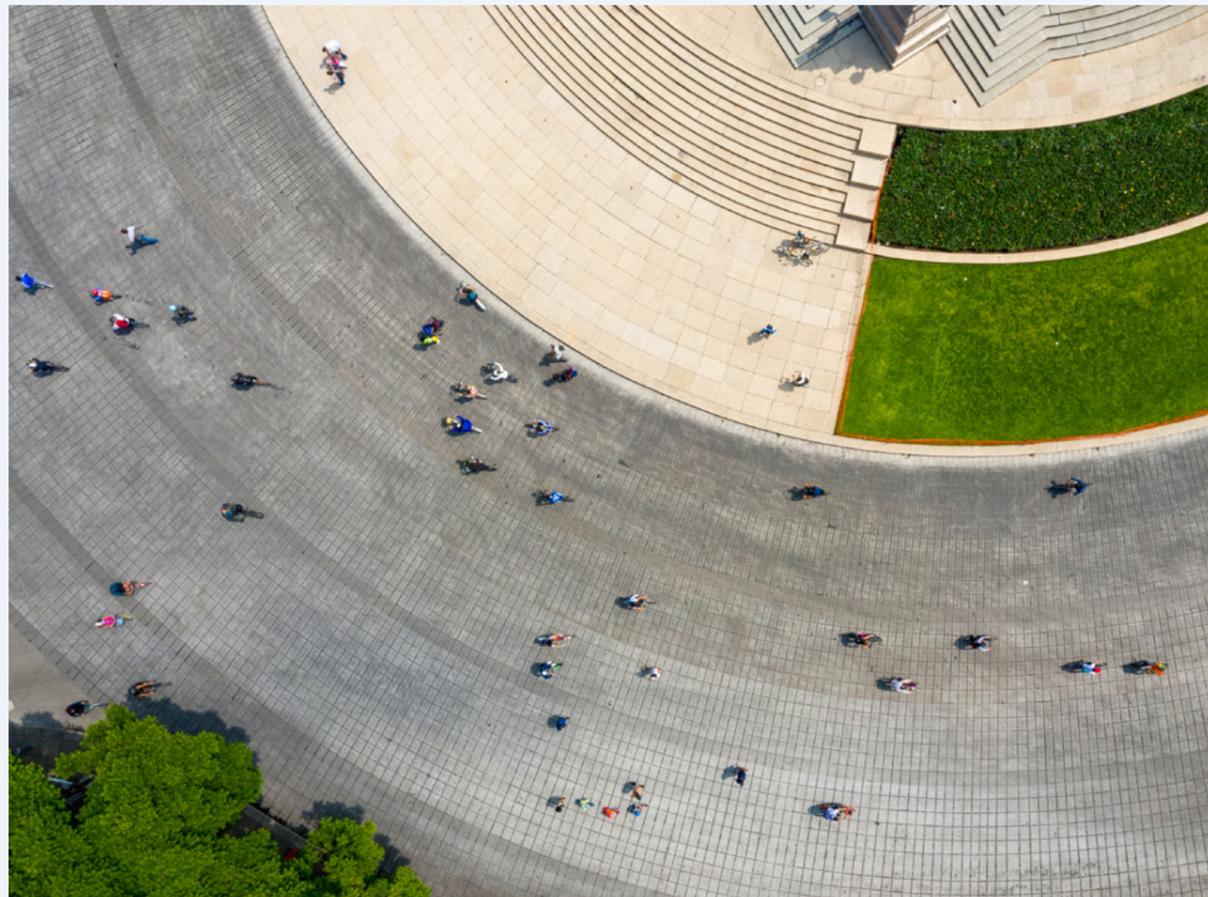
Lise Lindbäck,  
Board Member

Anne Grethe Dalane,  
Board Member

Benjamin Golding,  
Chief Executive Officer

# Corporate Governance Report 2024

While listed on the stock exchange Oslo Børs, Arendals Fossekompani is subject to reporting requirements for corporate governance under the Accounting Act section 3-3b, Norwegian securities trading legislation, and the Oslo Stock Exchange continuing obligations of listed companies.



## CORPORATE GUIDELINES

The following guidelines form the basis for corporate governance at Arendals Fossekompani:

- Arendals Fossekompani shall communicate relevant information honestly and openly to the public about our activities and any circumstances related to corporate governance.
- The Board of Directors at Arendals Fossekompani shall be autonomous and independent of group management.
- Emphasis shall be placed on avoiding conflicts of interest between shareholders, board members and executive management.
- The tasks and functions of the Board and group management at Arendals Fossekompani shall be distinct and clearly defined.
- All shareholders shall be treated equally.

## NORWEGIAN CODE OF PRACTICE

Each element of the Norwegian Code of Practice for Corporate Governance (NUES), last revised on 14 October 2021, is addressed below. A total review and amendment of this corporate governance report was performed by the Board of Directors in 2024, following the changes made in the company since the last corporate governance report of March 2023. A description is given of Arendals Fossekompani's compliance with, and deviations from, the Code of Practice. A complete overview of the Code of Practice and official remarks by the Oslo Stock Exchange are available online at [nues.no](https://nues.no).

## 1. CORPORATE GOVERNANCE REPORT

Arendals Fossekompani has prepared a separate corporate governance policy, and the Board has decided to implement the Norwegian Code of Practice for Corporate Governance.

We have implemented further instructions for corporate governance, including rules of procedure for the Board of Directors of February 2022, rules of procedure for the CEO of February 2022, instructions for the Audit Committee of May 2021, instructions for the Remuneration Committee, insider instructions, and a policy on disclosure of information.

Our Code of Conduct reflects our commitment to ethical business conduct and addresses topics such as anti-corruption, equality and anti-discrimination, and sustainability. The Code of Conduct is subject to regular review and the latest version was adopted by the Board of Directors on 9 February 2023.

Our expectations and guidelines towards suppliers and business partners are set out in the Business Partner Code of Conduct as approved by the Board of Directors.

## 2. BUSINESS ACTIVITIES

The objective of Arendals Fossekompani is, through in-house production, participation in new infrastructure, purchase, or leasing, to make use of or sell electricity, as well as to participate, directly or indirectly, in other industrial activities or business enterprises, including investing in real estate. These objectives are expressly stated in Section 1 of our Articles of Association. The Articles of Association are available on our website: [arendalsfossekompani.no](https://arendalsfossekompani.no).

Arendals Fossekompani has significant financial capacity. Our investment portfolio will, at all times, consist partly of long-term and active ownership commitments, and partly of liquid financial assets. Liquidity will be managed mainly via listed shares and bonds. The bulk of our share portfolio will consist of a limited number of major investments.

Our investment strategy is based on our belief that active, long-term, and responsible ownership provides the best return for the risk involved. Further descriptions of targets, strategies, risk profile and the objective of creating long-term value for shareholders in a sustainable way, is described elsewhere in the Annual Report, also available at [arendalsfossekompani.no/en/investor-relations](https://arendalsfossekompani.no/en/investor-relations).

Our targets, strategies and risk profile are reviewed annually. Sustainability is regularly on the Board's agenda. Every year, a materiality analysis of topics relevant for environmental, social issues and governance is presented to the Board of Directors.

In Arendals Fossekompani, we integrate considerations related to our broader stakeholders into our business and value creation for our shareholders through our sustainability framework and reporting. Our objectives, principal strategies and stakeholder engagement are further described elsewhere in the Annual Report, and on our website [arendalsfossekompani.no](https://arendalsfossekompani.no).

In Arendals Fossekompani, we have a clear focus on our corporate responsibility for environmental and social conditions, including a good working environment, diversity, equality, non-discrimination, human rights and anti-corruption and anti-bribery. We are committed to contributing to the UN Sustainable Development Goals. Further details and descriptions on these matters can be found in the Annual report, and on our website.

### 3. EQUITY AND DIVIDENDS

#### Equity

The book value of the Group's equity as of 31 December 2023 was MNOK 3,639 which amounted to 40% of total assets. Market value is significantly higher, and the company has a solid financial foundation. The Board continually assesses the company's financial capacity in light of our objectives, strategy and risk profile.

#### Dividend policy

It is Arendals Fossekompani's policy to pay a dividend that reflects our long-term strategy, financial position and investment capacity. The annual dividend shall, over time, ensure that shareholders receive a competitive return on their investment.

Since Q2 2020, we have announced our dividends on a quarterly basis. The Board approves the quarterly dividends based on an authorisation from the General Meeting. When deciding the quarterly dividends, the Board takes into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. The Board believes that quarterly dividend payments provide a flexibility that benefits both the company and its shareholders.

From 1 July 2013, the Annual General Meeting can authorise the Board of Directors to distribute dividends on the basis of the approved annual accounts. Proposals for such authorisation should be justified. In order to ensure flexibility and efficiency in the implementation of quarterly dividend payments, the Board proposes that the Annual General Meeting in 2024 continues to authorise the Board to pay dividends, limited in time to the Annual General Meeting in 2025.

#### Capital increase

No authorisation to undertake a share issue has been granted to the Board. The most recent capital increase occurred in 2012, when the share capital was raised by NOK 201,582,900 to NOK 223,981,000 through a transfer from other funds.

#### Purchase of treasury shares

The General Meeting can authorise the Board to purchase up to 10% of the company's own shares. At the Annual General Meeting on 5 May 2022, the Board was authorised to purchase treasury shares up to a maximum of 7.93% of the total number of shares. The terms of the authorisation permit the Board to acquire treasury shares only between a minimum price of NOK 10 and a maximum price of NOK 2,000 per share. This authorisation will remain in effect until the Annual General Meeting in 2024.

As of 31 December 2023, the Group owned a total of 1,137,911 shares, corresponding to 2.0% of all the outstanding shares in the company. These shares are freely negotiable.

### 4. EQUAL TREATMENT OF SHARE-HOLDERS AND TRANSACTIONS WITH RELATED PARTIES

#### Share class

The Group's shares consist exclusively of A-shares. According to Section 11 of our Articles of Association, no shareholder may personally or by proxy vote for more than one quarter of the total number of shares. Shares transferred to new owners do not confer voting rights until the transfer has been approved by the Board. All shares have equal rights.

#### Transactions involving treasury shares

The Board may exercise its authority to acquire treasury shares as long as the shares are acquired at the market price. Correspondingly, the divestment of acquired shares will also be undertaken at market price yet so that the shares can be discounted if the shares are used in connection with programmes for employees and board members. At the same time, the authorisation gives the Board the flexibility to utilise the mechanisms that the Public Limited Liability Companies Act gives access to in situations where the acquisition or disposal of shares is considered advantageous to the company and the company's shareholders, including for use in share purchase programmes for directors and employees at the company.

#### Transactions with related parties

No transactions have occurred between the company and shareholders, board members, senior executives or their related parties in 2023 that could be described as not immaterial transactions. In 2023, 91,143 shares were sold from the company to senior executives and board members, in accordance with the approved share purchase program. See Note 4.3 of the 2023 Annual Report.

#### Guidelines for board members and senior executives

If a board member or senior executive has a direct or indirect material interest in an agreement that is being entered into by the company, that person must disclose the fact before the matter is put to the Board, and he or she may not participate in discussions or votes on that matter.

### 5. FREELY NEGOTIABLE SHARES

Under current Norwegian legislation on industrial licensing, a shareholder who acquires more than 20% of the total number of shares in the company must apply for a license. The law requires the Board's approval for such acquisitions. A number of other provisions of the Waterfall Rights Act could cause the acquisition of the company's shares to have consequences for both the company itself and other shareholders. Therefore, the company has found it necessary to reserve the right to refuse approval of share acquisitions. According to Section 7 of the

Articles of Association, any acquisition by means of transfer is conditional on the Board's consent. Consent may be refused only on reasonable grounds. Deviations from the Code: The Articles of Association hold that transfer of shares is conditional on the Board's consent.

### 6. GENERAL MEETING

#### Notification

The Annual General Meeting is held as early as practically possible after the close of the previous financial year, usually in April or May. Meeting notices and attendance registration forms are sent to all shareholders no later than 21 days prior to the General Meeting through digital communication, or through regular mail to shareholders with a known address who do not consent to digital communication.

Documents are also made available on our website [arendalsfossekompani.no](http://arendalsfossekompani.no) and through the Oslo Stock Exchange distribution service. The annual report and other enclosures to the General Meeting notice are made available solely via the website and the Oslo Stock Exchange distribution service. Shareholders who wish to receive the enclosures by regular mail must contact the company. The Board will provide shareholders with all the information necessary to help them take a position on all agenda items, along with proposals relating to the election of board members.

The Articles of Association permits notice of participation to be given up to two days prior to the date of the General Meeting. Our financial calendar will be published online.

#### Participation

Shareholders can give notice of their participation either in writing or via email or digital solutions. The Board wishes to arrange the meeting so that as many as possible of the shareholders are able to participate. Shareholders who cannot attend are encouraged to appoint a proxy. We accommodate requests of digital attendance to the General Meeting in line with legal requirements.

Representatives of the Board of Directors shall attend the General Meeting, along with the auditor. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) shall participate on behalf of Group management.

#### Agenda and execution

The Board of Directors will set the agenda according to the list in Section 10 of the Articles of Association. According to Section 10, the participants of the General Meeting appoints a chairperson to lead the meeting.

### 7. NOMINATIONS COMMITTEE

The company has a three-member Nominations Committee established in accordance with item 11 of the Articles of Association. One of the members in the

Nomination Committee is currently a member of the Board of Directors. The members of the committee are Morten Bergesen, Trine Must and Simen Flaaten.

The latest recommendation from NUES, last revised in October 2021, is to have no member in the Nomination Committee from the Board of Directors. Our current practice will be evaluated further in 2025. Candidates eligible for election to the Board of Directors are announced in conjunction with the invitation to attend the General Meeting. Nominations for other candidates can be submitted before and during the General Meeting itself.

According to the rules of procedures for the Nomination Committee approved by the General Assembly in May 2022, the Nomination Committee shall, in the judgement of candidates, evaluate the competence required by the company. The nomination committee shall work for diversity in the Board of the company. The Nomination Committee shall also consider that the Board of Directors is fitted to act independently of special interests.

Deviations from the Code: A member from the Board of Directors is in the Nomination Committee.

The members of the Nomination Committee are elected for a period of one year. There is no maximum length of tenure for the members of the committee. The committee has 1/3 female members. According to Norwegian law, it is prohibited to obtain certain information about job applicants, in particular linked to underrepresented social groups. Although it is the company's objective to have broad representation at all levels, Arendals Fossekompani do not track or report information relating to underrepresented social groups.

The Nomination Committee should be comprised so that it safeguards the interests of the shareholder community and the company's need for expertise and diversity. This implies that the individual committee members have the necessary experience, competence and capacity to carry out their duties satisfactorily and independently. The competence of the members of the Committee covers a wide range of industries, technologies, board experience, compliance, governance, finance and sustainability. These are all competences important to the development of the company.

### 8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

**The Board consists of seven members and is currently composed of the following:**

Trond Westlie (Chair, member since 2022), Morten Bergesen (member since 2004), Christian Must (member since 2021), Didrik Vignsnaes (member since 2016), Anne Grethe Dalane (member since 2022), Lise Lindbäck (member since 2022) and Stine Rolstad Brenna (member since 2020), all elected by the shareholders.

The members are elected for a period of one year. There is no maximum length of tenure for the members of the Board of Directors. The Board has 3/7 female members. According to Norwegian law, it is prohibited to obtain certain information about job applicants, in particular linked to underrepresented social groups. Although it is the company's objective to have broad representation at all levels, Arendals Fossekompagni do not track or report information relating to underrepresented social groups.

Note 4.1 of the Annual Report contains information about board meeting attendance. Information about the competence and independence of board members is provided in subsequent paragraphs.

#### Election of board members

The General Meeting elects seven representatives to the Board of Directors. Ahead of the election, the names of candidates may be submitted to the Nominations Committee by an individual shareholder or by several shareholders jointly. Hence, stakeholders' views will be taken into consideration by the Nomination Committee.

Nominations submitted in time will be included in the invitation to attend the General Meeting sent to all shareholders and posted on our website. Board members are elected by simple majority. Members are elected for one year at a time, with the possibility of re-election. About half of all board members are elected each year.

#### The composition and competence of the Board of Directors

The Board of Directors should be comprised so that it safeguards the interests of the shareholder community and the company's need for expertise and diversity. This implies that the individual board members have the necessary experience, competence and capacity to carry out their duties satisfactorily and independently. The competence of the members of the Board covers a wide range of industries, technologies, board experience, compliance, governance, finance and sustainability. These are all competences important to the development of the company. The presentation of the Board in this report gives an introduction of the individual competences and main positions held by each of the Board members.

According to the Articles of Association, the Board shall comprise five to seven members. The Board currently consists of seven members. The CEO is not a member of the Board. The members of the Board are elected for one year at a time and selects its own Chair. Trond Westlie has been elected to chair the Board.

#### Changes to the Board of Directors in 2023

At the Annual General Meeting held in May 2023, no changes were made to the Board of Directors.

#### Independence of the Board of Directors

All shareholder-elected board members are considered autonomous and independent of Group management. The same applies to material business connections. At the close of the year, Didrik Vignæs is the Managing Director of Vicama AS, the largest shareholder in Ulfoss Invest AS, which owns – directly, indirectly or via related parties – approximately 26% of the Arendals Fossekompagni shares. Christian Must was at the close of the year, member of the board in MustInvest, which owns directly, indirectly or via related parties – approximately 25% of the Arendals Fossekompagni shares.

The Board works actively to ensure that no conflict of interest exists between shareholders, the Board, Group management, and other stakeholders. Stakeholders will be informed if conflicts of interest were to occur. The Code of Conduct describes how Board members should behave if conflicts of interest were to occur. All Board members receive information about the Code of Conduct.

#### Shares owned by board members

In addition to the shares held by the representatives of the three principal shareholders, as at 31 December 2023, the board members had the following shareholdings either personally or through wholly owned companies:

- Trond Westlie (Chairman):  
7,048 shares
- Stine Rolstad Brenna (Board member):  
7,500 shares
- Anne Grethe Dalane (Board member):  
1,000 shares

Deviations from the Code: The Board elects its own chair, in accordance with Section 4 of the Articles of Association.

## 9. THE WORK OF THE BOARD OF DIRECTORS

### The Board's tasks

The Board shall determine the Group's strategy, carry out necessary control functions and ensure that the Group is satisfactorily managed and organised. The Board shall set the company's financial objectives and approve its plans and budgets. The Board is also responsible for approving and updating the organisation's purpose, value statement, policies and goals related to sustainable development. The senior executives in the Company are delegated the task to update and present material to the Board that is relevant to make good decisions regarding plans budgets and policies and goals related to maintain a sustainable development.



Furthermore, the Board is overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people. Stakeholders are encouraged to support these processes with their input during the Annual General Meeting.

The targets, strategies and risk profile of the Company are reviewed annually by the Board of Directors.

The sustainability strategy, the materiality analyses, stakeholder analyses and the sustainability report are approved by the Board of Directors. The operational implementation of these processes is delegated to the Chief Sustainability Officer (CSO) of the Company. This is in accordance with the Environmental Policy of the Company.

The Board of Directors has delegated the formal stakeholder dialogue to the senior executives in the portfolio companies. A review of the systematic stakeholder interviews is each year presented to the Board of Directors from the CSO.

#### Rules of Procedure for the Board

The Rules of Procedure encompass the following: the role of the Board and its tasks, the tasks of the CEO and his or her obligations towards the Board, formal procedures for the handling of matters brought before the Board, notice of board meetings and matters required to be considered by the Board etc. The Rules also stipulate when the Board is in quorum, how minutes are to be kept, how legal disqualification is determined and how the duty of confidentiality is to apply. The Board may deviate from the Rules of Procedure in certain situations.

#### Providing instructions for executive management

A clear distinction has been made between the tasks and work of the Board and that of Group management. The Chairman of the Board is responsible for ensuring that the Board's proceedings and work are conducted in an effective and correct manner. The CEO is responsible for managing company operations. The CEO's tasks are clearly stated in the instructions drawn up for that position.

### Notice of board meetings and meeting procedures

The Board has an annual plan containing a set of pre-determined topics for consideration at board meetings. The Board normally meets 6 to 8 times a year. Additional meetings are held when necessary. In 2023, a total of 10 board meetings were held.

All board members receive information about the company's operational and financial performance on a regular basis and in good time before the scheduled meetings.

Board members also receive monthly operational reports. The company's business plan, strategy and risks are reviewed and evaluated regularly by the Board.

The final agenda for the board meeting is determined by the Chairman in consultation with the CEO. The CEO attends board meetings together with the board members. Others are invited to attend when this is deemed necessary.

### Duty of confidentiality – communication between the Board and shareholders

In principle, the minutes of board meetings and the Board's discussions are confidential, unless the Board decides otherwise or there is no apparent reason to maintain confidentiality or secrecy.

### Legal competence

The Board complies with the rules for legal competence and disqualification pursuant to Section 6–27 of the Norwegian Public Limited Liability Companies Act and the Board's own Rules of Procedure. There were no issues in 2023 which a board member was disqualified from discussing or voting on for reasons of legal competence.

See also item 4 above, Guidelines for Board Members and Senior Executives.

### Use of board committees

The Group has established an Audit Committee and a Remuneration Committee, both comprising members of the Board.

### The Audit Committee

The company has a three-member Audit Committee established in accordance with the Rules of Procedure for the Audit Committee approved by the Board of Directors.

The members are all members of the Board of Directors and consists of Stine Rolstad Brenna (Chair, member since 2020), Morten Bergesen (member since 2010) and Anne Grethe Dalane (member since 2022). The committee has 2/3 female members. There are no underrepresented social groups in the committee.

All members of the audit committee are elected from the members of the Board of Directors and are indepen-

dent of the group management. The competence of the members is covered under the section about the Board of Directors and the presentation of the Board of Directors in the annual report.

The Audit Committee is a preparatory committee to the Board of Directors. The committee is also responsible for providing support to the Board in the reporting of annual accounts, audits, internal control, risk management, sustainability reporting and more. The instruction for the Audit Committee was last revised by the Board of Directors in March 2023, to also include the obligation to supervise the audit of the annual accounts by the auditor in line with the EU regulation (EU) No 537/2014, and to assess and supervise the interdependence of the auditor as included in the amendments to the Auditors Act of 1 January 2021. At least one member shall be independent of the company's Group management and have qualifications in accounting or auditing. Board members who are also members of the Group management cannot at the same time be members of the Audit Committee.

### The Remuneration Committee

The Remuneration Committee is a preparatory committee to the Board of Directors comprising three board members including the Chairperson of the Board. The committee shall prepare compensation related matters for the Board and prepare the remuneration policy for remuneration of executive management and the remuneration report to the General Meeting.

The company has a four-member Remuneration Committee established in accordance with the rules of procedure for the Remuneration Committee approved by the Board of Directors. The members are all members of the Board of Directors and consists of Trond Westlie (Chair, member since 2022), Christian Must (member since 2022), Didrik Vignæs (member since 2019) and Lise Lindbäck (member since 2022). The committee has 1/4 female members. According to Norwegian law, it is prohibited to obtain certain information about job applicants, in particular linked to underrepresented social groups. Although it is the company's objective to have broad representation at all levels, Arendals Fossekompni do not track or report information relating to underrepresented social groups.

All the members of the Remuneration committee are elected from the members of the Board of Directors and are independent of the group management. The competence of the members is covered under the section about the Board of Directors and in the Annual Report.

### Self-assessment

The Board carries out an assessment of its activities once a year, where the Board considers the outcomes of its processes and tasks as described above, including

their own performance in overseeing the management of the organisation's impacts on the economy, environment, and people. The starting point for this assessment is Arendals Fossekompni's business activities and the work of the Board, how the Board works and its interactions. With regards to this, the Board also evaluates its performance in relation to corporate governance.

In 2023, a self-assessment was conducted. The next self-assessment will take place in 2024.

### Onboarding and competence development

To advance the collective knowledge, skills, and experience of the Board related to sustainable development, the Board has an onboarding program covering these topics as the board members enter their roles.

Through regular presentations about topics related to sustainability in the board meetings as well as more in-depth strategic presentations about this topic in the strategy meeting, the Board will further advance their collective knowledge on this topic.

## 10. RISK MANAGEMENT AND INTERNAL CONTROL

The Group has no separate internal auditing department. Financial audits are carried out on a task-sharing basis, and in compliance with our guidelines and approval routines. The Board carries out an annual review of the company's most important risk areas and internal controls and receives a report from the auditor addressing such matters. The Board evaluates the company's core values and guidelines on ethics and social responsibility every year and verifies the extent of compliance with these guidelines.

### Group and company financial reporting process

The Board receives monthly financial reports, with accompanying comments on the financial performance of the Group, the company and all portfolio companies.

Extensive reports are prepared every fiscal quarter, with comments about the financial status of all levels in the Group.

The finance department analyses the income statement and balance sheet in connection with each monthly report. A detailed reconciliation of balance sheet and income statement items are prepared each quarter, based on a predetermined plan.

The value of material and risk-exposed balance sheet items are assessed. Major and unusual transactions are reviewed. All control procedures are documented. The most significant portfolio companies (see Note 1 – Segment reporting) have similar routines for financial reporting to the Group. FCCS Oracle, a cloud-based database solution delivered by Oracle, is used for financial

consolidation. Our portfolio companies report all figures to this database online.

The finance departments at our portfolio companies are responsible for the quality of the data reported each month and quarter. The quality of the reported data is checked by our auditors in connection with the preparation of the annual financial statements. Portfolio company ENRX also uses FCCS Oracle for its consolidation. Other portfolio companies use spreadsheets for consolidation.

The Audit Committee (see above) carries out and documents a detailed review of the quarterly and annual reports prior to their consideration by the Board. The minutes and documentation from the Audit Committee meetings are available to the Board.

### Critical concerns

Arendals Fossekompni has guidelines for ethical business conduct (the Code of Conduct) which can be found on the Company website. All employees and the Board receive training in our Code of Conduct and the whistleblower policy, which explains the company's internal guidelines on how to deal with critical concerns if they occur. The Board is alerted about critical events.

## 11. REMUNERATION TO THE BOARD OF DIRECTORS

The Annual General Meeting determines the remuneration payable to board members. The 2023 Annual General Meeting resolved that, with effect from May 2023, the Chairman of the Board will receive a fee of NOK 650,000 and NOK 360,000 will be paid to the other board members. In 2023, the Chairman also received a fee of tNOK 500 for consultancy services provided by his company Shama AS. (See Note 4 and 24).

Remuneration paid to board members is not linked to financial performance or option schemes etc.

## 12. REMUNERATION OF SENIOR EXECUTIVES

The Remuneration Policy with guidelines for remuneration of executive management and report on the annual remuneration of executive management is subject to approval and advisory vote by the Annual General Meeting in accordance with the Public Limited Companies Act section 6-16 A and B. The General Meeting approves the Remuneration Policy by any material change and at least every fourth year and shall annually provide an advisory vote on the annual remuneration report of the previous year. No consultants are involved in determining remuneration. The Remuneration Report was adopted in the Annual General Meeting in May 2023. The Remuneration policy was approved by the Annual General meeting in 2022.

The Remuneration Policy and Remuneration Report are available on our website.

Shareholders are encouraged to state their opinions regarding remuneration of both the Board of Directors and Senior Executives at the Annual General Meeting.

#### Guidelines

The CEO's employment terms and conditions are determined by the Board of Directors. Each year the Board makes a thorough assessment of the salary and other remuneration paid to the CEO in line with the guidelines in the Remuneration Policy. The Board may also award an annual performance-related bonus to the CEO.

The Board's evaluation is based on market surveys for similar positions. The terms and conditions for other senior executives and employees at the Parent Company are set by the CEO in line with the guidelines in the Remuneration Policy. The CEO informs the Chair of the Board of the terms and conditions.

Terms and conditions for the senior executives of portfolio companies are set by the boards of the respective companies. The Board takes the position that the company must remain competitive with regards to the remuneration paid to senior executives, without being complicated or be wage leading. The remuneration is structured to provide strong alignment between the interests of executives and shareholders, including a focus on delivering on the company's key strategic objectives, and in support of the business strategy and long-term interests.

More information about the purpose and principles for remuneration of senior executives in Arendals Fossekompani can be found in the Remuneration Policy published on our website. A description of how the remuneration policy for members of the Board and senior executives relate to their objectives and performance in relation to the management of the organisation's impacts on the economy, environment, and people, can also be found here.

#### Performance-related remuneration

Senior executives at the Parent Company benefit from performance-related bonus schemes as described in the Remuneration Policy and Remuneration Report available at [arendalsfossekompani.no](https://arendalsfossekompani.no).

Portfolio companies offer performance-based remuneration to varying degrees, as stipulated in the employees' contracts.

#### Terms and conditions

Terms and conditions for remuneration of the Board of Directors are described in Note 4 of the Annual Report.

### 13. INFORMATION AND COMMUNICATION

#### Annual financial statements and annual report – periodic reporting

The Group normally publishes its preliminary annual financial statements in February.

The complete annual financial statements, along with the Annual Report, are published on our website in March/April. In addition, accounting figures are reported on a quarterly basis.

The company's financial calendar is published on the company's website.

#### Other market information

It is considered important to the Group to inform owners and investors about our performance and financial status. Emphasis is placed on providing the financial market with the same information at the same time. In conversations with shareholders and analysts, care is taken to avoid giving more information to some than to others. Arendals Fossekompani has developed an Investor Relations Policy that is available on our website.

Arendals Fossekompani insider instructions are updated according to the European Market Abuse Regulation (MAR).

### 14. GUIDELINES FOR EQUALITY AND DIVERSITY

Arendals Fossekompani has implemented guidelines for equality and diversity for the composition of our Board of Directors, board committees and management. The guidelines state that diversity shall be an area of priority in nominating people to the governing bodies and management of the company. There is a particular focus on ensuring diversity with regards to gender equality and diverse expertise. The guidelines set out more detailed objectives for the purpose of achieving these overall objectives, with both annual target dates and long-term target dates.

The Board of Directors currently consists of three women and four men. The individuals on the Board of Directors have backgrounds from different industry sectors, which increases diversity.

The Group management currently consists of two women and four men. The individuals in Group management have backgrounds from different industry sectors, which increases diversity.

During 2023, Arendals Fossekompani recruited new colleagues and is happy to see a growth in the number of female employees, supporting our journey towards better inclusion and greater diversity.

### 15. TAKEOVERS

Based on our current shareholder structure, the conditions described for takeovers do not apply to the company. The rules of procedure for the Board of Directors of February 2022 do however include guidelines and principles for the event of a takeover bid and for transactions that in fact constitute a disposal of the business of Arendals Fossekompani.

### 16. AUDITOR

#### The auditor's formal relationship with the Board of Directors

The auditor is at the disposal of the Board of Directors and shall attend board meetings if needed. The auditor shall participate in Audit Committee meetings and attend any board meetings that deal specifically with the annual financial statements. The auditor will at that time inform the Board about any issues or concerns he or she might have regarding the annual financial statements and other matters, including any potential disagreements between the auditor and Group management.

The Board holds annual meetings with the auditor to review reports submitted by the latter concerning the company's accounting policies, risk areas and internal control routines.

#### Auditor's formal relationship with executive management

The Board has drawn up guidelines for the Group's business relations with the auditor. The fees paid to the auditor for statutory auditing and consulting services are presented separately in the annual financial statements.

PwC is the selected auditor. In addition to an ordinary audit, the firm has also provided consulting services within areas such as accounting, taxation and reporting to the Norwegian Water Resources and Energy Directorate (NVE). The Board regularly assesses whether the auditor's control function is being carried out satisfactorily.





Tor Aslak Heldal  
Mechanical operator, AFK Vannkraft

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## Reporting frameworks



### GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative is an international organisation that provides a framework for sustainability reporting. Arendals Fossekompani uses the GRI Sustainability Standards for voluntary reporting of sustainable development. The standards cover reporting on economic, environmental and social dimensions.



### SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

The Sustainability Accounting Standards Board provides a set of industry specific standards that are used to guide the disclosure of financial material sustainability information for Arendals Fossekompani.



### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The purpose of the TCFD Standard is to give investors more knowledge on the financial impacts of climate-related issues, based on four core recommendations: Governance, Strategy, Risk Management, and Metrics and Targets. From 2020 to 2022, a climate risk analysis including an assessment of different climate scenarios, was carried out for the portfolio based on TCFD recommendations. The TCFD: Climate-Risk Assessment Report 2023 is attached.



### CARBON DISCLOSURE PROJECT (CDP)

The Carbon Disclosure Project is an international reporting framework for companies to manage their environmental impact. It is aimed at increasing transparency and providing an intuitive performance score based on companies' climate action. 2021 marked the first year AFK publicly disclosed its environmental impacts to CDP. Arendals Fossekompani was awarded the score "B" in 2021 and 2022 and the score A- in 2023.



### GREENHOUSE GAS PROTOCOL (GHG)

The GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. Arendals Fossekompani and portfolio companies map and report GHG emissions in alignment with the GHG Protocol.



### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

Arendals Fossekompani supports the United Nations Sustainable Development Goals (SDG). We have chosen six SDGs where we believe we can make the largest positive contribution; SDGs 5: Gender Equality, 8: Decent Work and Economic Growth, 13: Climate Action, 7: Affordable and Clean Energy, 9: Industry, Innovation and Infrastructure, and 12: Responsible Consumption and Production. The SDGs are all linked to our focus areas and material topics. Our portfolio companies have chosen SDGs independently of this.



### SCIENCE BASED TARGET INITIATIVE (SBTi)

The Science Based Targets initiative is a collaboration between the CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), enabling organizations to set science-based emissions reduction targets. Arendals Fossekompani ASA has committed to reduce absolute Scope 1 and 2 GHG emissions with 42% by 2030 from a 2021 base year. The share of electricity consumption from renewable energy procurement is targeted to be 100% by 2030. Arendals Fossekompani has in addition committed that 60% of eligible private equity and listed equity portfolio by booked value will be setting SBTi validated targets by 2027 from a 2021 base year. The validation process has been ongoing during the second half of 2023 and was approved by the Science based target initiative in January 2024.

## Membership Associations

To support our sustainability work we are members of these relevant industry organisations.



### UNITED NATIONS GLOBAL COMPACT

A UN initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labour, the environment, and corruption. Our annual report on Communication on Progress is a key component of our commitment to UN Global Compact. Furthermore, we cooperate by arranging seminars and attending courses held by UN Global Compact. We pay an annual membership fee



### FORNYBAR NORGE

A part of the Confederation of Norwegian Enterprises (NHO). We participate through membership in an industry forum for the power market. We pay an annual membership fee.



### KLIMAPARTNERE AGDER

A network for working together to achieve GHG reductions and a low emission society. We actively contribute to knowledge sharing by arranging seminars together and participate in professional events held by Klimapartnere. We pay an annual membership fee.

# Our sustainability priorities

## Stakeholder Dialogue

Stakeholders are groups that can affect or be affected by Arendals Fossekompani's decisions and actions. An assessment has defined the following key stakeholder groups for Arendals Fossekompani: Investors, customers, regulators, NGOs and employees.

Stakeholder engagement provides us with a representative overview of their sustainability expectations and concerns. The method of engagement varies from year-to-year and between different stakeholders. In 2023, we mainly engaged with stakeholders through e-mails and meetings, and we also received valuable feedback from investors, regulators, and NGOs on a corporate level. We conducted semi-structured interviews with a selection of stakeholders, specifically asking how they perceive Arendals Fossekompani and our sustainability efforts. The dialogue was conducted by a third party to facilitate open and honest feedback.

### STAKEHOLDER DIALOGUE

Stakeholder group	Arena for dialogue	What they care about	... and why that is important for Arendals Fossekompani
Investors	<ul style="list-style-type: none"> <li>Meetings</li> <li>Quarterly updates</li> <li>Company presentations</li> </ul>	<ul style="list-style-type: none"> <li>Attractive returns and value growth potential</li> <li>A future-proof investment</li> <li>Being taxonomy compliant</li> </ul>	<ul style="list-style-type: none"> <li>Access to equity at favourable terms</li> <li>Right-priced stock for use as currency in M&amp;A</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Meetings</li> <li>E-mail</li> <li>Seminars / webinars / conferences</li> </ul>	<ul style="list-style-type: none"> <li>Compliance and improvement in their value chain</li> </ul>	<ul style="list-style-type: none"> <li>Customers buying our products and services</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Reporting requirements</li> <li>Audits</li> </ul>	<ul style="list-style-type: none"> <li>Operating in line with legislation</li> </ul>	<ul style="list-style-type: none"> <li>Operating in line with legislation (mitigate reputation and financial risk)</li> <li>Operating in line with expectations from the greater society</li> <li>Being seen as a transparent and trustworthy company</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>Meetings</li> <li>E-mail</li> <li>Seminars / webinars / conferences</li> </ul>	<ul style="list-style-type: none"> <li>Improves sustainability impact and reach</li> </ul>	<ul style="list-style-type: none"> <li>Operating in line with expectations from the greater society</li> <li>Being seen as a transparent and trustworthy company</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee development talks</li> <li>Town hall meetings</li> <li>E-mail / Teams</li> </ul>	<ul style="list-style-type: none"> <li>Pride</li> <li>Sense of purpose beyond earning a living</li> </ul>	<ul style="list-style-type: none"> <li>Access to great talent</li> <li>Lower turnover</li> <li>Lower recruitment costs</li> </ul>

## Materiality Assessment

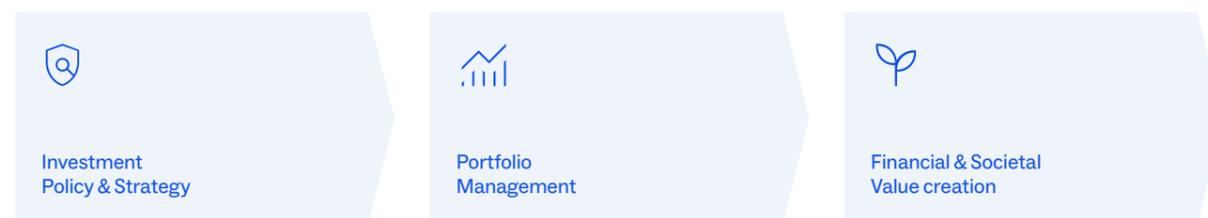
Input received through the stakeholder dialogue (the 'outside-in perspective') is always structured for discussion with Arendals Fossekompani's ESG task force group, led by the Chief Sustainability Officer, who provide their knowledge and experience from within the company (the 'inside-out' perspective).

Topics or concerns raised by stakeholders are carefully evaluated based on their perceived importance to the company, and on Arendals Fossekompani's ability to impact each topic (whether directly or indirectly). Such materiality assessments are conducted regularly, approximately every year.

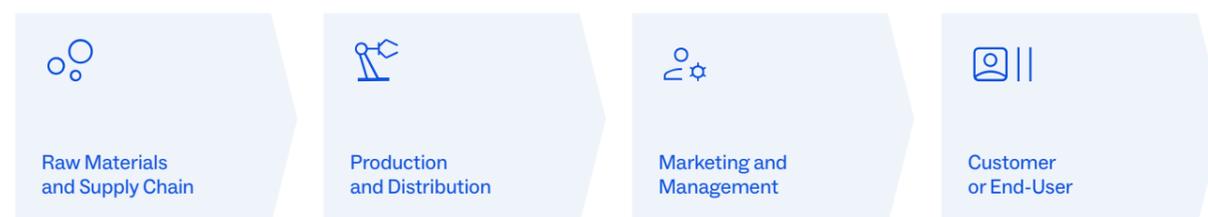
The assessment evaluates activities of our primary and secondary value chain and has defined material risks and opportunities. Arendals Fossekompani's value chain has been identified as follows:

### ARENDALS FOSSEKOMPANI'S PRIMARY AND SECONDARY VALUE CHAIN

#### Primary value chain (AFK Parent Company)



#### Secondary value chain (Portfolio companies)



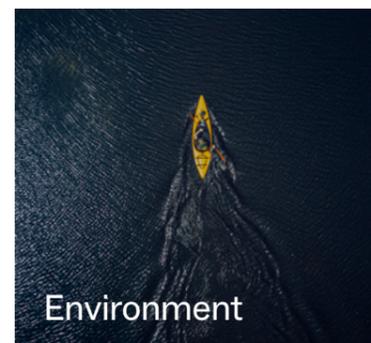
The assessment is conducted according to the GRI framework and TCFD recommendations of best practice. In 2023, we did not only evaluate our impact on the topics mentioned by stakeholders, but we considered each topic from a risk and opportunity perspective (a double materiality approach). More specifically, we evaluated how the topics / impacts could potentially trigger financial effects for Arendals Fossekompani or our portfolio companies in the short, medium, or long term.

The 2023 assessment defined the following opportunities and risks for Arendals Fossekompani:

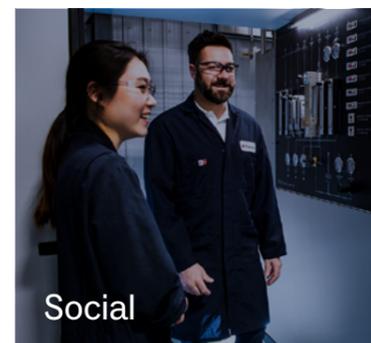
OPPORTUNITIES	RISKS
<ul style="list-style-type: none"> <li>• Frontrunner in the energy transition: Share knowledge and experience with others – both regionally and nationally</li> <li>• Continue to invest in green energy and technology</li> <li>• Enable innovation</li> <li>• Develop and challenge portfolio companies</li> <li>• Be a good employer for employees</li> <li>• Contribute to develop new workplaces</li> <li>• Be a positive contributor to the local society</li> </ul>	<ul style="list-style-type: none"> <li>• Land use and consequences for biodiversity</li> <li>• Emissions from own organisation and portfolio companies</li> <li>• Compliance, i.e. violation of human rights</li> <li>• Unsuccessful investments</li> <li>• Green washing</li> <li>• Becoming too focused on reporting</li> </ul>

Based on this evaluation, we decided to update the list of material topics. First, 'Sponsorships, Partnerships and Other investments' was removed as a material topic. The topic is still important but for Arendals Fossekompani as a group, our impact here is relatively limited. Second, Green Financing was also removed, as the targets for this topic have been achieved. Finally, Biodiversity was added as a new material topic, as our new development projects could potentially have an impact on nature and the environment.

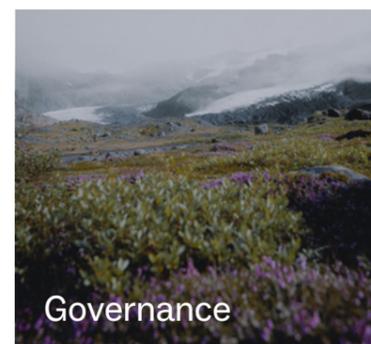
All material topics are sorted under four focus areas: Optimising Portfolio Companies, Responsible Investments, A Great Place to Work, and Ethical Business Conduct. A closer description of our impact on each topic can be found on the following pages, and a consequence vs. likelihood-assessment can be found in Appendix Materiality.



FOCUS AREA	MATERIAL TOPIC
Optimising Portfolio Companies	Biodiversity
	Economic performance
	Strengthening environmental performance
Responsible Investments	New investments



FOCUS AREA	MATERIAL TOPIC
A Great Place to Work	Diversity and equality
	Employee satisfaction and talent attractiveness
	Health and safety



FOCUS AREA	MATERIAL TOPIC
Ethical Business Conduct	Anti-corruption and bribery
	Information security
	Responsible supply chain

## Optimising portfolio companies

### BIODIVERSITY

It is important for Arendals Fossekompani to assess the impact our company has on nature and biodiversity, especially in new development projects. Nature and biodiversity have in recent years been identified as critical to meet UN's Sustainable Development Goals and the targets to limit global warming to 1.5 °C. During UN's Biodiversity Conference, COP 15, in December 2022, the global biodiversity framework Kunming-Montreal Global Biodiversity Framework was adopted. The implication of this framework is that a mandatory reporting of nature-related data, including a company's impact on biodiversity, must be published. In addition, targets for biodiversity will be a mandatory part of corporate governance.

### ECONOMIC PERFORMANCE

Sustainability is linked to long-term performance; a clear belief of both Arendals Fossekompani and our main stakeholders. It is a long-term goal to link our sustainable actions to the economic performance we see in the Group. Generally, the green revolution is characterised by regulations and market, and technology risks and opportunities. Necessities for achieving the ambitions of climate mitigation in society. New regulatory requirements, such as the EU Taxonomy and circular economy reporting poses a risk to many businesses. With the green transition, there is a need for technological restructuring of the energy market by phasing out fossil fuels and having an increased emphasis of low impact and zero-emission technologies. This creates valuable opportunities for an industrial investment company like ours.

### STRENGTHENING ENVIRONMENTAL PERFORMANCE

As an industrial investment company, Arendals Fossekompani has a double value chain. First the value chain as an investment company, and then a specific value chain for each portfolio company. An important priority for Arendals Fossekompani is to develop our investments. As seen in the KPI table for all portfolio companies, we follow up on GHG emissions and use of energy. Each portfolio company also performs its own materiality analysis to follow up the environmental performance that is the most material for their business.

## Responsible investments

### NEW INVESTMENTS

Arendals Fossekompani is looking for potential investments within green energy and technology that contribute to a sustainable society, is future oriented, and will stand the test of generations. As part of our screening criteria, new investments should demonstrate a poten-

tial to contribute to, or to be transformed to contribute to, one of the six environmental objectives defined by the EU Taxonomy. This means that our investments should have a positive impact on its surroundings, contribute with new solutions and enable technologies for the green transition. As far as our impact assessment shows, neither Arendals Fossekompani nor our business partners have a negative impact on these topics.

It is important for us to be mindful about the impact of a possible investment, both the positive and negative. Investments in green energy and emerging technologies could include larger development projects which again could affect for instance biodiversity and surrounding society.

## A great place to work

### DIVERSITY AND EQUALITY

Arendals Fossekompani believes that a workforce with a wide array of skills and backgrounds drives productivity and performance. Our ambition is to preserve and continue to build an inclusive company culture with zero tolerance for discrimination based on grounds of gender, age, disability, ethnicity, sexual orientation, or religious belief. We are mindful that if not managed correctly, Arendals Fossekompani could have a potential negative impact on diversity and equality. This is a material topic that Arendals Fossekompani is invested in. Ensuring a diverse and equal workplace is included in our Code of Conduct, to which all portfolio companies are expected to adhere to.

### EMPLOYEE SATISFACTION & TALENT ATTRACTIVENESS

Arendals Fossekompani aspires to be a preferred employer by establishing clear guidelines for management and employees, and implementing measures aimed at enhancing the working environment and employee satisfaction. The ability to attract and retain talented individuals is crucial for achieving our ambitious goals. Several of our portfolio companies are growth companies and are actively seeking new talent. Securing the right talent is paramount for the success of these companies. Additionally, retaining institutional knowledge and experience is vital alongside attracting new talent. We need great people to contribute to the development and advisory roles within our portfolio companies, possessing expertise in both established and emerging technologies. Failure to attract and retain the right individuals could potentially result in unsuccessful projects and hinder our ability to reach company ambitions.

### HEALTH AND SAFETY

The employees at Arendals Fossekompani are considered our most invaluable assets. Safe working conditions for our employees is our highest priority. Healthy and safe working conditions are recognized as a human right and involves both the prevention of physical and mental harm, and promotion of workers' health. Failure to ensure healthy and safe working conditions could lead to employees becoming harmed or injured while at work. In the most severe cases, unsafe working conditions could lead to long-term reduced health or even fatalities which is an unacceptable risk.

## Ethical business conduct

### ANTI-CORRUPTION AND BRIBERY

We have a long and proud history at Arendals Fossekompani. We will act responsibly and with integrity everywhere we operate. We honour our legacy and secure our current and future license to operate. Some of our operations take place in countries associated with high political, corruption and human rights risks. Addressing anti-corruption and anti-bribery measures is of paramount importance to us due to the potential adverse effects of these risks. Several of our portfolio companies regularly conduct risk assessments relating to corruption.

### INFORMATION SECURITY

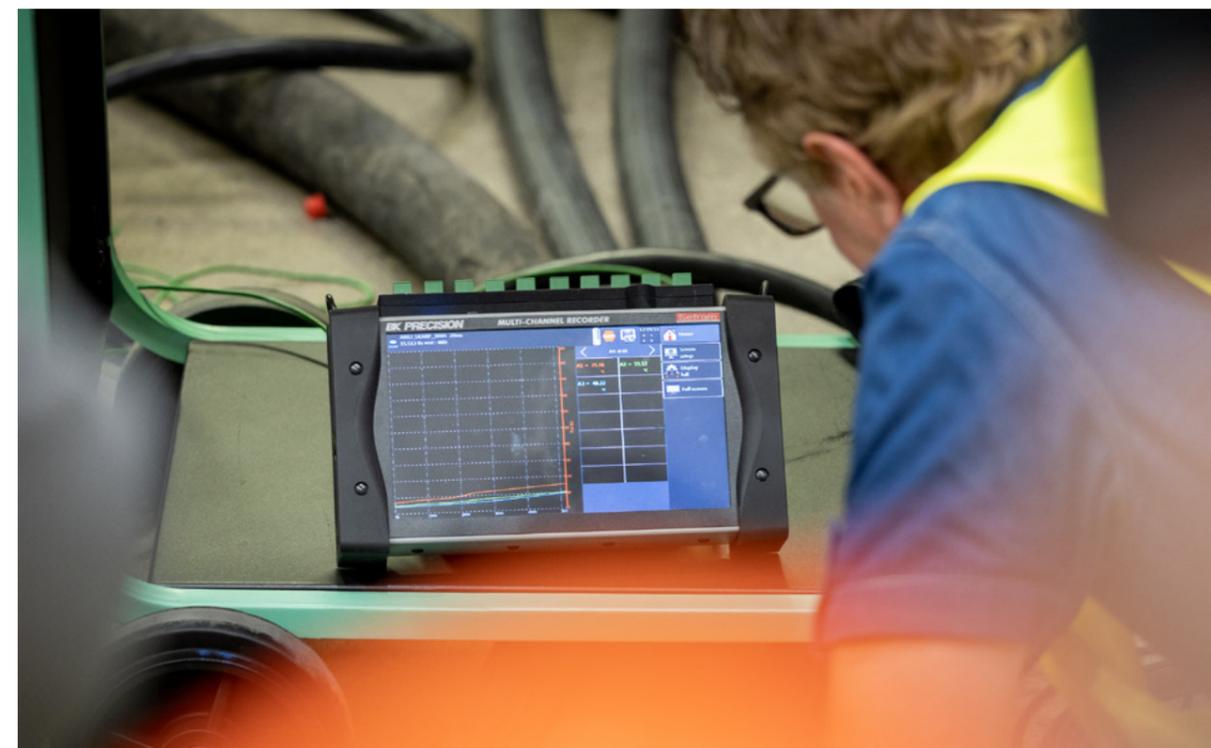
Cyber security is a critical, board-level issue in Arendals Fossekompani, with potential positive or negative impacts. Our positive influence relates to Arendals Fossekompani's ability to establish safety guidelines, provide training to employees, and implement secure cyber systems. A lack of cyber security could have an actual or potential negative impact, for example relating to the critical infrastructure offered by some of our portfolio companies such as Volue, NSSLGlobal and Alytic. A potential breach could, in the most severe instances, lead to critical downtime, impacting people, the environment and/or the economy.

### RESPONSIBLE SUPPLY CHAIN

Mismanagement of a global supply chain can cause negative environmental and social impacts, as well as impacts related to governance issues, such as corruption and violations of data privacy. Arendals Fossekompani takes a precautionary principal approach to business ethics and responsible supply chain. We recognise our obligation to responsibly manage our relationships with suppliers, monitor their operations and proactively work to diversify our supplier base.

### COMMUNICATION ABOUT MATERIAL TOPICS

Our progress on these and other sustainability topics is communicated back to stakeholders, mainly through this report.



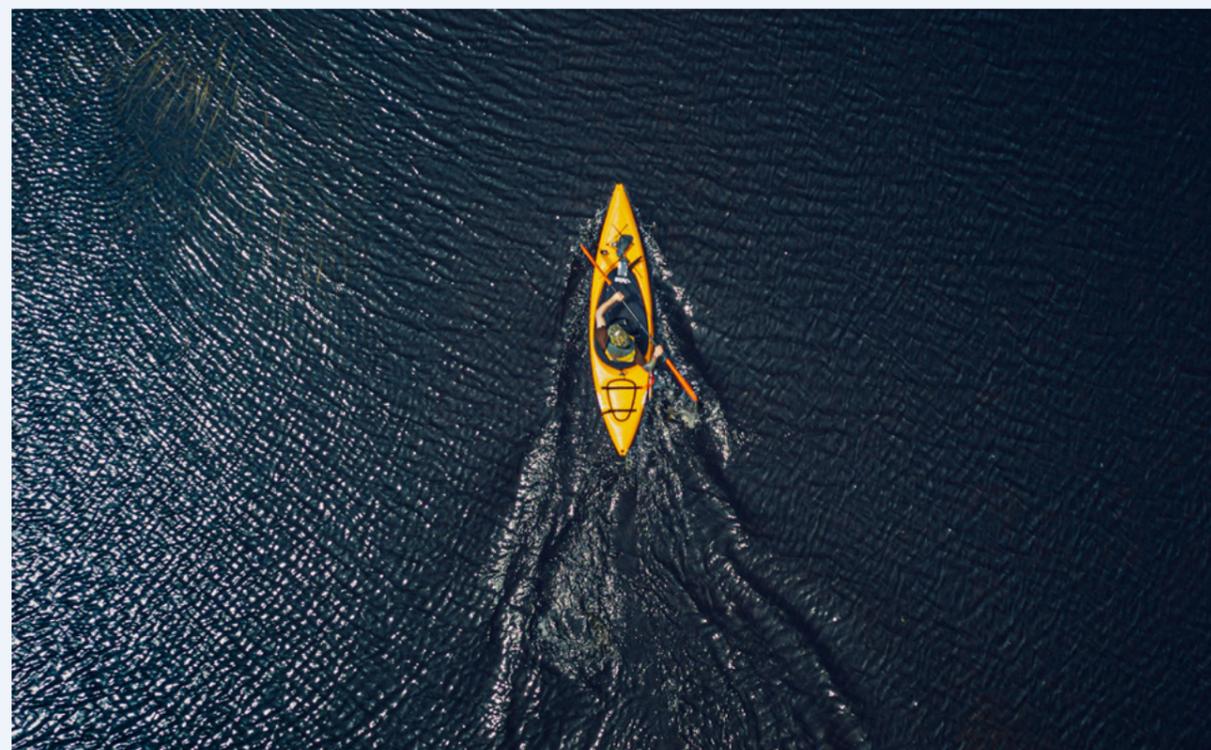
# Environment

FOCUS AREA	MATERIAL TOPIC
Optimising Portfolio Companies	Biodiversity
	Economic Performance
	Strengthening Environmental Performance

Responsible Investments New Investments

ENVIRONMENT KPIs	Target	Target Year	2023	2022	2021
Scope 1 GHG (tCO <sub>2</sub> e)	1	2030	1,858	1,744	1,584
Scope 2 GHG (location-based) (tCO <sub>2</sub> e)	1	2030	2,319	2,470	2,838
Scope 2 GHG (market-based) (tCO <sub>2</sub> e)	-	-	4,342	4,168	4,310
Scope 3 GHG (tCO <sub>2</sub> e) <sup>2</sup>	1,267	2030	3,494	3,298	2,253
Energy consumption (MWh)	-	-	27,111	26,516	22,338

1. Emission reduction target for Scope 1 and 2 in line with the Paris Climate Agreement.
2. Scope 3 emissions include the categories Waste, Business Travel and Fuel-and-Energy-Related Activities.



## Optimising the portfolio companies

### Biodiversity

#### POLICIES

We recognise the actual and potential impact that we can have on the environment, including biodiversity. We consider environmentally responsible business conduct as both an opportunity to ensure long-term performance and growth, and a necessity to reach the objectives set out in The Paris Agreement and in the Kunming-Montreal Global Biodiversity Framework specifically.

We have developed an Environmental Policy for the purpose of promoting and maintaining high environmental standards throughout all business operations. The policy is approved by the Board and is applicable to all employees and projects. The policy should be communicated to employees and portfolio companies, suppliers, business partners and other third parties. We strive to ensure that they too are committed to high environmental standards, and we encourage them to implement their own environmental policies.

#### ACTIONS

Arendals Fossekompni works to ensure that we and our portfolio companies are committed to respecting and acknowledging our impact on nature and biodiversity. Even when a site is not located in a protected area, our activities can impact nature and biodiversity in the surrounding area. Biodiversity is especially important for activities that involve encroachment on nature, such as our hydropower portfolio and real estate businesses.

An important part of mapping our impact on biodiversity is to identify the number of operational sites and assess whether they are built on protected areas or areas of high biodiversity value. We also plan to carry out annual environmental audits at our hydropower facilities. In addition, thorough environmental assessments shall be conducted before new hydropower plants are built, to make sure that we do not do more damage to nature than necessary, and that interventions will have a more positive than negative impact.

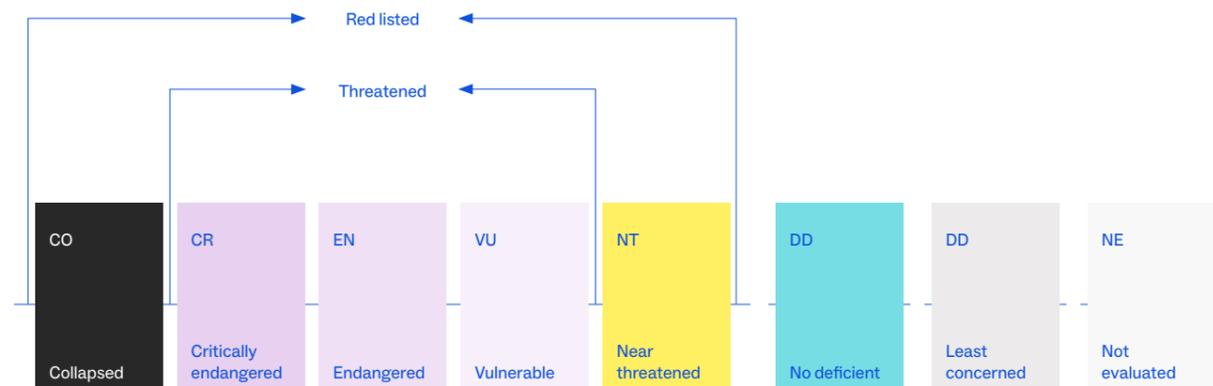
#### MEASURES

The number of operational sites in 2023 was 70. Only three of the operational sites are adjacent to protected areas or in areas of high biodiversity value. As this is the first year we have included biodiversity as a material topic, we have not yet been able to track or follow up the impact from our operations on all locations. However, we have included some information from a selection of portfolio companies; Tekna, ENRX, AFK Property, and AFK Vannkraft.

In Brazil and France, ENRX has three operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value. These sites are:

SITE	ENRX LTDA	ENRX SAS	ENRX SAS
Location	Sorocaba, Brazil	Seyssinet-Pariset, France	Marcoussis, France
Position related to protected area	Adjacent to protected area	High biodiversity value area outside protected area	High biodiversity value area outside protected area
Type of operation	Office, manufacturing	Office, manufacturing	Office, manufacturing
Size	800 m <sup>2</sup>	3,880 m <sup>2</sup>	1,110 m <sup>2</sup>
Attribute	Terrestrial	Terrestrial	Terrestrial
Biodiversity value	Wilderness area	n/a	n/a

LEVELS OF EXTINCTION RISK



Red list species	Number of species
Critically endangered	4
Endangered	16
Vulnerable	58
Near threatened	69
Least concern	1,229

Red listed species (described in the table above) and national conservation listed species have habitats in areas affected by Tekna's operations.

AFK Property performs regular tests in the surroundings of Arendal Airport Gullknapp. There is one red listed species in a creek close to the airport, but there are no emissions in that direction and the distance to the creek should be sufficiently long. No biodiversity impact has been identified in this creek.

AFK Vannkraft is using natural resources in their electricity production and is therefore affecting the stream of water between their two power plants. The three species of fish that inhabit this stream of water are tracked to ensure their continued presence. AFK Vannkraft's greatest impact on biodiversity in the river is through the man-made large variations in the flow of water (minimum 40 m³/s).

TARGETS

In 2024, we plan to update the Environmental Policy and the Code of Conduct to include biodiversity, as this will help us reach the objectives set out in the Kunming-Montreal Global Biodiversity Framework. We also plan to conduct a nature risk assessment in line with the Task-Force on Nature-related Financial Disclosures (TNFD)

framework. Since biodiversity was identified as a material topic for Arendals Fossekompani as recent as in 2023, we have not yet adopted specific targets for our work related to this topic, but plan to do so in 2024.

Economic performance

POLICIES

We work targeted and systematically to ensure long-term growth in our portfolio companies. The way we work towards this goal is described in our Code of Conduct. As an owner we engage directly in the portfolio companies' performance, especially when it comes to their sustainability efforts. In this work, we help portfolio companies identify opportunities that are likely to increase their economic performance, and measures that can be implemented to avoid or reduce risks.

Our goal is to secure competitive advantages, such as cost savings, increased consumer demand, risk mitigation, tax incentives, and using resources efficiently in saturated or competitive markets.

ACTIONS

We have made separate reports about the performance of the portfolio companies, which relates to the EU Taxonomy and climate risk assessment. As for the climate risk analysis, we have considered two different scenarios: 1) a green revolution that is characterised by transition risks and opportunities, and 2) a climate crisis scenario which entails considerable physical risks.

Our portfolio companies are exposed to transitional risks throughout their value chains, particularly in terms of rising energy prices, as well as prices for products and services in the supply chain. Additionally, regulations aimed at driving the transition to a circular economy will have an impact on the requirements faced by our portfolio companies.

Arendals Fossekompani's exposure to physical risks is largely through our supply chains, with tier 2 and tier 3 suppliers located in areas prone to extreme weather and higher temperatures. At the customer end of our value chains, we identified a potential for increased demand for the products and services of our portfolio companies.

Transitional and physical risks will create both opportunities and risks. So far, our analysis gives reason to believe that there is a potential upside for the economic performance of our portfolio with regards to transitional climate risk.

A TCFD maturity assessment has been conducted for the entire AFK group (see separate TCFD report).

In 2023, we continued to support the portfolio companies to improve economic performance. Good collaboration resulted in several important sustainability assessments being finalised. Targets and ambitions related to economic performance were established for each portfolio company. These will be followed up on a yearly basis and the effectiveness of the actions taken will be evaluated in the annual strategy process.

MEASURES

Information about our performance on this topic can be found in chapter 2 and the separate climate risk report (TCFD report). Following the new CSRD regulations, Arendals Fossekompani will look closer at appropriate measures and targets in 2024.

TARGETS

Arendals Fossekompani will continue to focus on economic performance, to ensure long-term value creation for shareholders and employees. This includes a mapping of actual and potential adverse impacts in the portfolio, for example by updating the TCFD analysis. We will also look closer at the financial implications of climate risks and opportunities, and their actual or potential related costs.

Strengthening environmental performance

POLICIES

As stated in our Environmental Policy, Arendals Fossekompani is committed to strengthening our environmental performance. We are dedicated to avoiding or minimising any adverse environmental impacts linked to our business operations. This includes indirect impacts, for example through business activities conducted by our portfolio companies, business partners, suppliers, and other third parties.

We consider innovation and technology to be principal enablers to further decrease greenhouse gas emissions. It is important to develop sustainable technologies and products that are eco-friendly, recyclable, recoverable and best-in-class in terms of environmental responsibility.

We intend to play our part in reaching the environmental objectives set out in the Paris Agreement and have committed to reducing our absolute Scope 1 and 2 GHG emissions by at least 42% by 2030 (base year: 2021).

ACTIONS

We are continuously working to strengthen the environmental performance of our portfolio companies. All our investments are subject to a sustainability onboarding process, which includes an initial materiality assessment and the identification of sustainability focus area for the company. Once onboarded, our portfolio companies are integrated in annual sustainability assessments and reporting processes. Three joint meetings were held with sustainability teams in the portfolio companies in 2023, where we shared knowledge and information.

In 2023, several of our new investments were onboarded in the different sustainability frameworks that we have developed. Also, an initial assessment of the EU Taxonomy gave us an indication of eligibility and alignment of our portfolio. Climate risk assessments (based on the TCFD framework) helped identify material risks and opportunities in the different companies.

In 2022, Arendals Fossekompani committed to and submitted science-based emission reduction targets, in line with the Science Based Target initiative (SBTi) criteria and recommendations. In 2023, the following targets were validated by SBTi:

- Scope 1 and 2: Arendals Fossekompani commits to reducing absolute scope 1 and 2 GHG emissions by 42% by 2030 (base year: 2021). Arendals Fossekompani also commits to continuing active annual sourcing of 100% renewable electricity within the same timeframe.
- Scope 3 Portfolio Targets: By 2027, Arendals Fossekompani will have SBTi validated targets for 60% of its eligible private equity and listed equity portfolio (book value).

MEASURES

To strengthen the sustainability performance of our portfolio companies, we monitor GHG emissions for Scope 1 and Scope 2, and report on Scope 3 within the categories for business travel, waste, and fuel-and-energy-related activities. The Scope 3 report can be found in Chapter 2.

All emissions data are provided on a group level, using the operational control method. 2021 is chosen as the base year for emissions in Arendals Fossekompani Group, since emissions from ENRX (former EFD Induction) was not included in the emissions data collected in 2020. Reported emissions are based on all known emissions, which are documented by invoices. Emissions are assumed to be based on all purchases made in 2023.

Our Scope 1 emissions increased from 1,584 tonnes CO<sub>2</sub>e in 2021 to 1,858 tonnes CO<sub>2</sub>e in 2023 (17% increase). The main reason is an increase in the Scope 1 Emissions for

NSSLGlobal, due to increased office space and staff. Scope 1 emissions also increased due to new investments that have been included in the reporting after 2021.

Our Scope 2 emissions decreased from 2,838 tonnes CO<sub>2</sub>e in 2021 to 2,319 tonnes CO<sub>2</sub>e in 2023 (18% decrease). The main reason for the decrease is energy efficiency measures at all sites, and solar panel installations in India, in this period for ENRX.

The electricity emission factors used are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes or average IEA statistics.

In 2023 the total amount of energy produced in Arendals Fossekompani Group was 542 GWh, this equals the amount of energy sold in the power market. Total use of energy in Arendals Fossekompani Group equals energy consumption minus energy sales: 27 GWh-542 GWh=-515 GWh. The energy consumptions is the sum of the energy consumption of Arendals Fossekompani Parent Company and all the portfolio companies.

None of our businesses are involved in processing of biologically based materials, hence, we did not have any biogenic CO<sub>2</sub> emissions in 2023.

More information about GHG emissions, including the assumptions and emission factors used for calculations, is included in our Carbon Accounting Report, which has been compiled with assistance from CEMAsys. The report is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions (GHG) and is the basis for the ISO standard 14064-1.

TARGETS

We will continue to work together with our portfolio companies to strengthen their environmental performance, by improving the mapping and reporting of their GHG emissions. We will engage with current and future portfolio companies in the process of setting science-based targets in line with the private equity sector science-based target guidance, and we will also assist portfolio companies in reaching their targets, whilst following-up on our own commitments to the SBTi. Arendals Fossekompani has committed to 60% of its eligible private equity and listed equity portfolio by book value setting science based validated targets by 2027 from a 2021 base year.

In 2024, we will continue the preparation of reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standard (ESRS). We also plan to further strengthen our EU Taxonomy assessment, and improve the digitalisation of our sustainability report, to increase its readability and accessibility.

includes commitments to comply with all applicable laws and regulations, and to play its part in reaching the environmental objectives set out in the Paris Agreement. It also addresses responsible sourcing of natural resources and sourcing of 100% renewable electricity - in addition to reduced waste generation. Investment possibilities that are not in line with our investment criteria and company strategy, will not be considered.

ACTIONS

Investments and acquisitions of companies lay the foundation for a positive sustainability impact in the management phase. Following our strategy, Arendals Fossekompani's investments are focused on the energy transition, electrification and materials, and digitalisation. With investment and development goals within these sectors, our portfolio will contribute to a more sustainable future. A significant part of onboarding a new investment to our sustainability framework is to perform an EU Taxonomy assessment. Such an assessment will define if the investment's activities are eligible with the EU Taxonomy criteria.

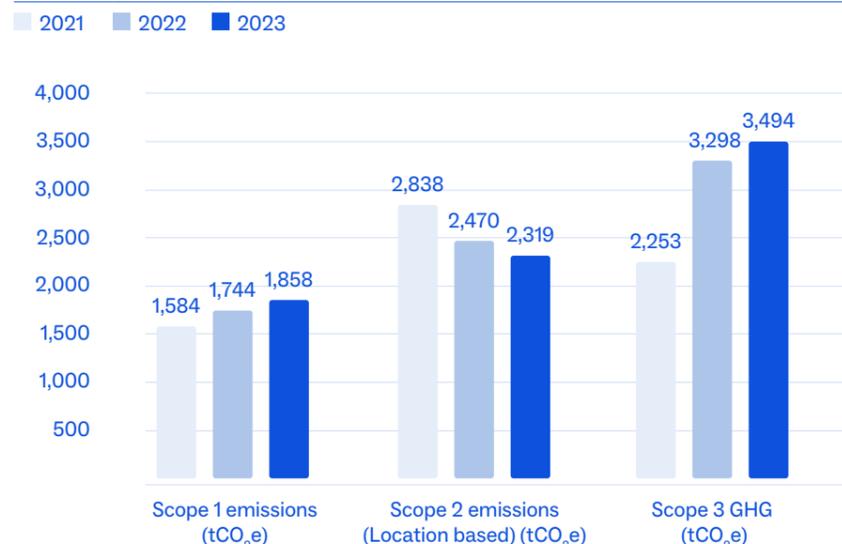
MEASURES

During 2023, Arendals Fossekompani started construction of a new run-of-the-river power plant, Kilandsfoss. This facility is located in Nidelva between the existing plants Bøylefoss and Flatenfoss and will produce 38 GWh per year, which will supply approximately 2,000 households with green energy. The hydropower plant will extract more energy from a river that already provides lots of energy to society. As the region needs more energy and the world needs more renewable energy, building Kilandsfoss is a small contribution to this.

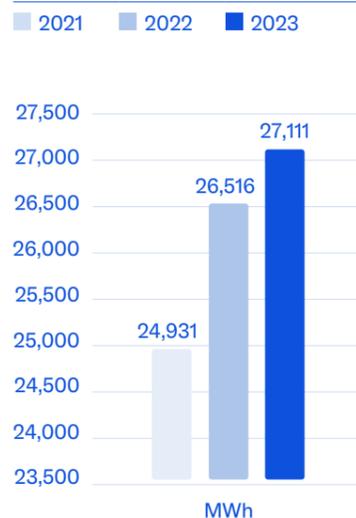
TARGETS

Going forward, we will continue to develop our newly established companies and projects, including our new investments. For future investments, we will continue to have the same long-term ambition. The EU taxonomy eligibility and alignment will be a part of the investment criteria. In addition, we will include climate risk assessments as part of the due diligence process of future possible investments.

GHG EMISSIONS



ENERGY CONSUMPTION



Responsible investments

New investments

POLICIES

As an international industrial investment company, Arendals Fossekompani is continuously looking for new investments and M&A opportunities. Possible investments, partnerships and M&A candidates are evaluated according to our responsible investment scope and screening process, which is described in our Environmental Policy. The policy is developed for the purpose of promoting and maintaining a focus on high environmental standards throughout all business operations. The Environmental Policy was adopted by the Board of Directors and is applicable to all Arendals Fossekompani employees and projects. It should be communicated to all employees, portfolio companies, suppliers, business partners and other third parties. The Environmental Policy

# Social

FOCUS AREA	MATERIAL TOPIC
A Great Place to Work	Diversity and equality
	Employee satisfaction and talent attractiveness
	Health and safety

SOCIAL KPIs	Target	Target Year	2023	2022	2021
Lost time injury frequency rate	0.0	-	2.2	1.0	0.8
Sick leave	<2.0%	-	2.7%	3.0%	-
Turn-over rate	<10%	-	14%	16%	7.6 %
Female employees	30%	2027	21%	20%	19%
Women on Board of Directors	50%	2027	25%	28%	30%



## A Great Place to Work

### Diversity and equality

#### POLICIES

In Arendals Fossekompani, we believe that a workforce with a wide array of skills and backgrounds drives productivity and performance. We are mindful that if not managed correctly, Arendals Fossekompani could have a potential negative impact on diversity and equality. That is why this is a strategic focus area not only for us, but also for each of the portfolio companies that we have invested in. Ensuring a diverse and equal workplace is also included in our Code of Conduct, to which all portfolio companies are expected to adhere to. The Code of Conduct was updated in 2023 to include important additions from the Transparency Act. The policy applies to all employees, hired workers, consultants, agents, board members, and others working on behalf of Arendals Fossekompani. The Code of Conduct includes guidelines for whistleblowing, human rights and decent working conditions, openness and trust, EHS, equality and diversity, integrity and anti-corruption, and business conduct. The policy is in line with UN guiding principles, OECD, and the Norwegian Equality and Anti-Discrimination Act.

#### ACTIONS

We regularly check in with the portfolio companies to ensure that they are in compliance with relevant laws and regulations regarding equality and diversity, and we encourage portfolio companies to conduct their own mapping in accordance with the Activity and Reporting Obligation, to discover the status of diversity and equality in their own organisations. Our Code of Conduct complies with the latest version of the Norwegian Equality and Anti-Discrimination Act, and all portfolio companies are expected to adhere to the Code of Conduct and its guidelines for equality, inclusion and non-discrimination. For more information on how we engage with the specific portfolio companies, please refer to the Optimising Portfolio Companies chapter in this report.

To reflect our global operations, we have used the regions Europe, America, and Asia as significant locations of operation. Several of our portfolio companies have more specific indicators on diversity, where diversity in nationalities is the most used. Arendals Fossekompani is certified according to Equal Workplace (Likestilt Arbeidsliv), a certification scheme run by Agder County. This is a certification that needs to be verified every three years. It facilitates continuous work with equality and diversity in the workplace and guides the certified organisations in the right direction with determined focus areas and criteria. Our certification has resulted in the establishment of an action plan for equality and diversity efforts, with targets for 2022 through 2025. We have already set up a new HR system as a part of our action plan, to secure equal follow-up by all employees. This system is also facilitating development conversations so that all leaders follow a standardised template for this conversation. The work we have done to address both the Equality and Anti-Discrimination Act and the Equal Workplace certification, will be a great guidance and roadmap in continuing our journey towards more inclusion and greater diversity.

#### MEASURES

Arendals Fossekompani Group has conducted a survey in all portfolio companies to gather the information presented in the table Employee Diversity (in Appendix). GRI's definitions of full-time, part-time, permanent, and temporary employees has been used. Compared to 2022, the number of employees in AFK Group has increased from 2,451 to 2,670. Arendals Fossekompani Group has employees in 24 countries. 21% of the total workforce is female. ENRX, Ampwell, and NSSLGlobal have workers with non-guaranteed hours who are employees on-call. These are three males and four females, all in Europe.

The number of workers who are not employees and whose work is controlled by the organisation was 142. The reported numbers of employees are on a headcount basis at the end of the reporting period. The workers are mainly freelancers and consultants. The type of work they perform includes engineering, software development, advisory services, communication, and warehousing. There have not been any significant fluctuations.

In 2021, we defined specific goals for gender equality, applicable for the group of AFK companies. Gender equality is measured at three corporate levels: Board of Directors and C-suite positions. At year-end 2023, there were 25% women on our Boards, compared to 28% in 2022. The number of women in C-suite positions has increased significantly from 14% in 2022 to 24% in 2023.

More details about diversity in governance bodies and diversity per employee category is found in the Appendix: GRI Information under Diversity and Equality.

The workforce is divided into different levels, including C-suite position, Board of Directors, and Non-executive level management. The workforce is also described by different job functions with the categories technical and production, administrative, and other functions, such as sales and marketing.

The ratio between the annual compensation for the highest paid individual and the average annual compensation for employees is 11.5 to 1. The ratio between the percentage increase in annual total compensation for the organization's highest-paid individual and the average percentage increase in annual total compensation for all employees, was 0.9 to 1. For more information regarding remuneration, please refer to the Appendix: GRI Information under Diversity and Equality, which gives an overview of ratio between women and men, and the separate Remuneration report. Other indicators of diversity vary in the different portfolio companies and includes disability and countries and cultures.

No significant fluctuation in employees has been seen. The total number of employees is increasing as the Group is growing and all portfolio companies are developing new business.

There has been no reported incidents of discrimination during the reporting period, and thereby no actions taken in relation to this.

27% of the total workforce in the group is covered by collective bargaining agreements. Information about how the different portfolio companies determine terms and working conditions for those not covered by collective bargaining agreements could be found in the table below.

## TARGETS

As part of the Equal Workplace certification process, an action plan is developed for the next three years. The goals set during the certification process are related to topics such as inclusive working environment, recruitment and career, and life phases. The goals include creating and improving routines for a better follow-up of employees in different life situations, training of leaders in managerial positions, professionalising the recruitment processes, increasing knowledge about equality and diversity, and generally raising the quality of internal processes related to equality and diversity. Our portfolio companies are encouraged to work towards achieving the Equal Workplace certification, and we will create learning sessions on equality and diversity for all portfolio companies. Our target is to achieve a share of 50% women in all our boards and C-suite positions by 2027, and 30% female share of employees overall by 2027.

## Employee satisfaction and talent attractiveness

### POLICIES

The Code of Conduct, described under Diversity and Equality is an important policy for Employee Satisfaction and Talent Attractiveness. In addition, the personnel handbook is an important collection of guidelines and regulations for topics such as vacation and time off (parental leave, military service, education, and others), sickness, competence development, salary, benefits, EHS, and other regulations.

### ACTIONS

Arendals Fossekompni's actual and potential impact on employee satisfaction and talent attractiveness can be both positive and negative. Poor management of the working environment can potentially lead to dissatisfaction, high turnover rate or sick leave, and failure to attract the talents we need. On the other hand, establishing clear guidelines for management and employees, and implementing measures aimed at enhancing the working environment and employee satisfaction, can make Arendals Fossekompni and our portfolio companies preferred employers and provide a workplace where employees thrive and succeed.

At Arendals Fossekompni we offer favourable working conditions for our employees: We provide learning opportunities and contribute to the development of our employees' careers, and we provide our employees with flexibility for how to perform tasks, working hours, and more, if needed. The feedback we receive is that this gives room to combine working life and family life.

As part of our Equal Workplace certification, we developed an action plan for the topic "Recruitment and

career", focusing on professionalising the recruitment process, boosting attractiveness towards new talents, as well as developing the competencies of our employees. Another topic is "Life phases", which addresses different life situations employees can find themselves in, and where they need support. Examples could be parental leave, welfare leave, retirement, and more.

We strive for employee satisfaction and the highest possible talent attractiveness across the portfolio. We regularly follow-up our portfolio companies to see how they are doing. During 2023, a recruitment/applicant tracking system was implemented. This improves our systems for following up recruitment processes and giving possibilities for having a talent database based on inquiries and open applications, and still be compliant with the GDPR regulations. We have set requirements for recruiters to search for diversity when a new position is to be filled. The HR system that was implemented in 2022 have been further incorporated in our employee follow-up during 2023. The system has improved the structure of performance reviews and check-ins. All employees have now an updated job description which is accessible in the personnel handbook. Onboarding procedures for new employees and offboarding for employees leaving the company are now also structured and improved with templates in the HR system.

### MEASURES

Our goal for the Arendals Fossekompni Group in 2023 was to have less than 3.0% sick leave. At year-end, the actual number was 2.7%, down from 3.0% in 2022. The turnover rate for Arendals Fossekompni Group was 14.3% in 2023, which is higher than the target of 10%, but better than 16% in 2022.

The total number of new hires was 564, and the total number of employees leaving the Group was 368. The average age for new hires were 33 for women and 34 for men. The average age of people leaving the company were 36 for women and 38 for men. More information about new employee hires by age group and region could be found in table New Employee Hires and Employee Turnover in the Appendix: GRI Information under Employee Satisfaction and Talent Attractiveness.

The total number of employees who took parental leave during 2023 was 120, of which 32 were women and 88 were men. As part of our work on employee satisfaction and talent attractiveness, we have professionalised our recruitment processes. These efforts have extended into a process of implementing a new recruitment system.

### TARGETS

In 2024 we will improve policies and follow-up routines for parents-to-be, employees on parental leave, and senior employees. We will ensure that we have good

structures for deciding salary and salary reviews to prevent systematic differences. A HR group will be formed to share knowledge across the portfolio companies, work together to reach long-term goals, and achieve synergies across industries.

A new governmental requirement includes regulations during staff reductions, where there is introduced laws to reorganise employees in a group. This requires good cooperation across the companies in the group. During 2024, we will also establish a working environment committee, which will closely monitor the development of the working environment.

## Health and safety

### POLICIES

Healthy and safe working conditions are recognized as a human right and addressed in authoritative intergovernmental instruments. Healthy and safe working conditions are also a Sustainable Development Goal. This involves both the prevention of physical and mental harm, and promotion of workers' health.

Arendals Fossekompni complies with the Norwegian Internal Control Regulations (Internkontrollforskriften), which is controlled by the Norwegian Labor Inspection Authority. Our policies on health and safety are addressed in our Code of Conduct, which is also extended to our suppliers through our Business Partner Code of Conduct.

### ACTIONS

Arendals Fossekompni aims to have a positive impact on occupational health and safety. This is a key priority and a strategic focus across our portfolio. We are committed to providing a healthy and safe working environment for all employees, and we have conducted risk assessments, implemented guidelines, established management systems, and provided training to management and employees to prevent harm and promote health in the workplace. We have an occupational health service where all employees were offered an optional lifestyle and health check-up. As part of the Equal Workplace certification and the Activity and Reporting Obligation, we plan to work with a HR system for Arendals Fossekompni that will ensure good handling of health and safety.

### MEASURES

Health and safety is closely followed up by each portfolio company and all portfolio companies have developed their own health and safety system customised to the different industries and work tasks they operate in. Information about the health and safety in each portfolio company is reported and a summary of procedures in the largest companies could be found in the Appendix: GRI Information under Health and Safety. The summary covers 90% of the workforce.

Statistics regarding work-related injuries, could be found in the Appendix: GRI Information under Health and Safety. All companies are included. The rate of injuries is based on 1,000,000 hours worked. No workers have been excluded from this disclosure.

#### ENRX

ENRX have determined several hazards, mainly related to machinery used. These hazards are mitigated by safety features in the machinery where possible and specific safety instructions and training where not possible. No hazards have been identified in the reporting period. Actions are taken as part of the risk analysis and integrated into the local management system, which includes:

- Inspection forms for the health and safety committee members.
- Improvement in the daily inspection forms for lifts and hoist.
- Adding a prevention program on same level fall (slips/trip hazard).
- Since 2022, ENRX have used the OSHA standard methodologies for OHS reporting. There have been no cases of high-consequence injuries in the reporting period.

#### TEKNA

Tekna determines hazards based on:

- Audits made with a partner organisation specialised in prevention that helps the company determine where measures can be taken to assure the safety of personnel.
- Incident and accident log.
- Employee concerns that are brought to the health and safety committee.
- Risk analysis.

To eliminate hazards and minimize risks, Tekna is currently working on improvement of machines (automation) to limit the human factor that may cause a potentially dangerous situation.

Tekna is tracking its project in an OHS plan "A3 SST". Examples of projects include:

- Automated powder collection on plasma system.
- Improve hydrogen system.
- New instrumented system to detect oxygen.

There has been one case of high-consequence injuries in the reporting period.

Recordable accidents are defined similarly as OSHA and they include:

- Fatality
- Any injury or illness that result in loss of consciousness, day away from work, restricted work or transfer.
- Injury or illness requiring medical treatment beyond first aid.

Day away from work is defined as complete stop of work mentioned by a doctor in the medical attestation.

#### NSSLGLOBAL

NSSLGlobal's procedures P01 Accident, Incidents and Dangerous Occurrences, and P25 Workplace Precautions and Risk Control System, document processes for determining work-related hazards as described in the Appendix. No high-consequence injuries have occurred during the reporting period. Standards, methodologies, and assumptions used to compile this information includes our ISO 45001 certified OH&S Management System. All accidents, incidents and near misses are recorded.

#### VOLUE

Volue's main business relates to software development, where the risk of high-consequence injuries is very low. Volue's business related to Industrial IoT will in some cases involve a risk of work-related hazards. These risks are determined individually for each project based on a risk assessment, for example in the case of working with high voltage electricity. There have been no cases of high-consequence injuries in the reporting period.

#### ALYTIC

Alytic's business relates to software development, where the risk of high-consequence injuries is very low. As a result, there have been no cases of high-consequence injuries in the reporting period.

#### VERGIA

There have been no cases of high-consequence injuries in the reporting period.

### ARENDALS FOSSEKOMPANI PARENT COMPANY

To identify work-related hazards and assess risks on a routine basis, AFK Parent Company conducts risk and vulnerability analysis for continuous work. To identify work-related hazards and assess risks on a non-routine basis, the company has established a whistleblowing system for employees to report incidents and irregularities, including situations that can potentially cause injury and ill health, and which employees wish to remove themselves from. Risks identified in the risk assessment will be used to eliminate hazards. The HSE group consists of two worker representatives and two representatives from the management team, who implement changes related to eliminating hazards. There have been no cases of high-consequence injuries in the reporting period.

#### AFK PROPERTY

To identify work-related hazards and assess risks on a routine basis, AFK Property conducts risk and vulnerability analysis for continuous work. To identify work-related hazards and assess risks on a non-routine basis, AFK Property has established a whistleblowing system for employees to report incidents and irregularities, including situations that can potentially cause injury and ill health, and which they wish to remove themselves from. Risks identified in the risk assessment are used to eliminate hazards. The HSE group consisting of two worker representatives and two representatives from the management implement changes related to eliminating hazards.

There have been no cases of high-consequence injuries in the reporting period.

#### AMPWELL

Determination of hazards has been done by Ampwell's safety expert through an annual hazard assessment, and respective measures are introduced in order to eliminate and/or reduce hazards, if any. On-site inspections by the occupational safety and health committee take place on a quarterly basis. Participants includes the external safety officer, in-house safety advisers, the external company doctor, the environmental management officer, and head of production. Standards, methodologies, and assumptions used for compiling this information includes operating manuals, risk assessments, hazard assessment, safety inspections, CE-conformity of operating plant, training, among others. There have been no cases of high-consequence injuries in the reporting period.

#### TARGETS

As part of the Equal Workplace certification and the Activity and Reporting Obligation, we plan to work with a HR system for Arendals Fossekompni Parent Company that will ensure good handling of health and safety. We have conducted an extensive mapping of occupational health and safety risks linked to Arendals Fossekompni and our portfolio's activities and will continuously work to decrease these risks.



# Governance

FOCUS AREA	MATERIAL TOPIC
Ethical Business Conduct	Anti-corruption and bribery
	Information security
	Responsible supply chain

GOVERNANCE KPIs	Target	Target Year	2023	2022	2021
Reported incidents/breach of CoC	0	-	0	2	-
CoC signed	100%	-	69%	78%	87%
Corruption cases	0	-	0	1	1
Employees that have received training in cyber security			57.23%		
Whistleblower reports			1	0	0



## Ethical business conduct

### Anti-corruption and bribery

#### POLICIES

Our Code of Conduct constitutes our framework for managing compliance and integrity risks - describing our commitments and requirements regarding business practice and personal conduct. The Code of Conduct outlines clear principles and rules in key compliance and integrity areas like anti-corruption and anti-bribery, facilitation payments, conflict of interest, gifts and hospitality, human rights and labour rights, fair competition, anti-money laundering or sanctions and trade compliance, and others.

The Code of Conduct is endorsed by the Board, and the Audit Committee regularly reviews the company's compliance with the Code of Conduct and supporting documents. The Chief Sustainability Officer reports to the Audit Committee on the design, implementation and effectiveness of our business integrity program and activities, and reviews performance in this respect.

The Code of Conduct applies to all employees, including hired personnel, consultants, agents, elected representatives, Board members and any other person representing or acting on behalf of Arendals Fossekompani. Our employees are expected to familiarise themselves with the contents of the Code of Conduct, conduct their duties in compliance with its principles, and seek guidance from their manager or others when necessary.

Corresponding ethical guidelines shall be sought to be implemented, with any company specific additions, in subsidiaries where Arendals Fossekompani holds an ownership interest of more than 33%, and shall be implemented where Arendals Fossekompani holds an ownership interest of more than 50%. Board members appointed by Arendals Fossekompani in other companies shall actively work for the implementation of corresponding ethical guidelines.

We expect our customers, suppliers, and business partners to adhere to the same high ethical standards that we have set for ourselves. When entering into agreements with third parties, Arendals Fossekompani can require that the third party adhere to the Arendals Fossekompani Code of Conduct / Business Partner Code of Conduct, or that the third party shall present their own ethical guidelines that they commit to operate in accordance with.

#### ACTIONS

In 2023, Arendals Fossekompani maintained most core elements of its compliance programme, including the anti-corruption and human rights compliance frameworks. At year-end, 1,841 of the Group's employees (69%) had signed the Code of Conduct. A Code of Conduct e-learning programme was made available to employees, and in 2023, 1,627 (61%) employees undertook such training. We also conducted screenings of potential projects in high-risk countries and of potential business partners, and identified no significant risks related to corruption. We also followed up on reports made in the reporting period, and all reports were investigated.

## MEASURES

In 2023, we communicated our anti-corruption policies and procedures to 1,637 (67%) of our employees, 52 (90%) of our C-suite positions and 151 (71%) of non-executive level management. The policies and procedures were also communicated to 43 (63%) of our Board members and 2,106 (10%) of business partners. Anti-corruption training was conducted during the reporting period. In total, 1,225 (47%) of employees took part in such training, in addition to 34 (59%) of C-suite positions, 126 (59%) of non-executive level management and 15 (22%) of Board members. For a breakdown of communication and training per region, please refer to the Appendix: GRI Information under Ethical Business Conduct.

In 2023, Arendals Fossekompagni assessed 18 out of 70 (26%) of our operations for risks related to corruption. There were no confirmed incidents of corruption and no public legal cases regarding corruption brought against the Group or its employees during the reporting period. No employees were dismissed or disciplined for corruption, and no contracts with business partners were terminated or not renewed due to violations related to corruption. No critical concerns were reported to the Board in 2023.

## TARGETS

- 100% signing of the Code of Conduct
- 100% training in the Code of Conduct
- 0 breaches of the Code of Conduct
- Continuous improvement of our end-to-end process to follow up on business partners.
- Improving our global risk assessment process.
- Implementing engaging business ethics training concepts to build awareness and engagement.
- Digitalisation or automation of identified compliance processes to increase efficiency.

In 2024, we will continue our efforts to secure responsible business conduct and promote a culture of compliance and integrity. We will build a common compliance programme for all portfolio companies to ensure that these matters remain relevant in a dynamic global context and amid challenges, such as increased regulations, enforcement, complexity, and external expectations, as well as sustainability impact and alignment with our strategic sustainability agenda.

## Information security

### POLICIES

Our Cyber Security Check List and our Information Security Policy outlines our guidelines and principles regarding information security, including:

- Roles and responsibilities for information security
- Employee training on information security
- Information security emergency drills
- Procedures and policies that reflect information security best-practice
- An Incident Handling Procedure
- 24/7 system surveillance with both automated and human response to security alerts

Management should regularly report back to the Board regarding the status of information security. The Board regularly discuss information security as part of their Board agenda.

### ACTIONS

New regulations and reporting requirements make information security risk oversight a challenge. The management is therefore responsible for determining information security risks and establishing adequate company preparedness. The goal is to identify gaps and initiate improvement projects which will increase the level of awareness and security in portfolio companies. If gaps are identified, a list of improvement projects is made, which should include a timeline, a responsible person, and a timely report.

In 2023 we updated our Privacy Policy to reflect recommendations from external evaluations. This was done in order to have a state-of-the-art privacy policy and again to adapt the policy into a more practical stepwise internal procedure. We also provide digital training in information security to several of our portfolio companies, with a possibility of rolling it out to more companies.

### MEASURES

In 2023, 1,528 employees (57%) completed such training.

### TARGETS

In 2024, we will continue to use information security check lists for all portfolio companies. This is important due to increased complexity and external expectations, as well as the increasing risk for cyber security breaches. Our focus areas for 2024 relating to this topic include:

- Performing risk assessments
- Training of Board members
- Conducting penetration testing
- Facilitating a common awareness campaign

## Responsible supply chain

### POLICIES

Arendals Fossekompagni shall ensure a responsible supply chain. We do not accept any form of forced labour, including child labour. We shall comply with all fundamental labour rights and have a continuous focus on providing safe and decent working conditions for all.

We commit to the rules and principles laid out in the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work, and the International Bill of Human Rights, and the OECD Guidelines for Multinational Enterprises.

Additionally, our Code of Conduct and Business Partner Code of Conduct set guidelines and principles that all employees, suppliers and business partners shall adhere to, including our standards for health and safety, human and labour rights, environment, quality management, business integrity, and corporate social responsibility.

We have established a risk-based supplier onboarding process, which includes health and safety, environmental and compliance aspects (such as human and labour rights risks checks), and this allows for comprehensive evaluation (due diligence) of our suppliers. Our Factlines supply chain management system enables us to verify and monitor their performance, and our audit questionnaire includes a detailed verification of their adherence to our Supplier Declaration and internationally recognised standards for human and labour rights. We regularly conduct due diligence of existing suppliers and business partners where the goal is to ensure that our supplier base operates in accordance with our principles and requirements.

It is important that employees are aware of and report undesirable behaviour, and this can be done through our internal whistleblowing channel. AFK has established an external whistleblowing channel (in addition to the internal notification channel) where third parties or employees wishing to stay anonymous can file their report. The external whistleblowing channel can be accessed through our website. We are committed to providing for or cooperating in the remediation of any negative impacts our organisation has caused or contributed to.

### ACTIONS

To secure that we meet the demands that we set for others, we have revised and assessed our Code of Conduct and Business Partner Code of Conduct, with help from judicial experts. We have also evaluated the portfolio companies' implementation of the Business Partner Code of Conduct.

On 1 July 2022, the Norwegian Transparency Act entered into force. The act relates to the transparency of enterprises and their efforts regarding fundamental human rights and decent working conditions. More than 8,000 Norwegian businesses now have the duty to carry out due diligence of human rights in their own operations, as well as their value chains. Stakeholders' right to information about conditions at production facilities concerning a particular product or service, is material in this new act. It is important that Arendals Fossekompagni acts according to the law and sets a good example for its portfolio by identifying risks among suppliers.

To comply with the Norwegian Transparency Act, a due diligence of all main suppliers and business partners was conducted in 2023 using the Factlines supply chain system. The results classified the suppliers and business partners in different risk groups, which enabled us to identify which of them to follow up first. Additionally, we have created a guideline for handling incoming requests for information, in accordance with the Transparency Act. For more information about our work on human rights and supply chain management, please refer to the separate Human Rights and Transparency Act Report found on our website.

### MEASURES

The 2023 supplier and business partner due diligence process did not identify any significant breaches of human rights, but there are a few potential risks related to production countries that we will follow up. No significant instances of non-compliance with laws and regulations were registered during the reporting period, and we received no fines for instances of non-compliance with laws and regulations.

### TARGETS

In 2024, we will improve the interactions with and follow-up of suppliers and business partners in both the parent company and portfolio companies. We will improve the management of human rights and decent working conditions in our value chains, starting with suppliers that have production in high-risk countries. We have set the following targets for this topic for 2024:

- 0 significant instances of non-compliance with laws and regulations
- 0 fines for instances of non-compliance with laws and regulations
- 0 reported incidents regarding breach of human rights in our operations or supply chain

## EU Taxonomy Summary

As a key part of the European Union’s Green Deal, the EU Taxonomy defines a common and enforceable language on sustainability aiming to scale up sustainable investments and avoid greenwashing. The EU Taxonomy is a classification system for sustainable economic activities, consisting of the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The environmental objectives 3-6 were adopted by the EU in June 2023, in addition to amendments for the environmental objectives 1 and 2. However, due to delays in the legislative process in the European Economic Area,

the June 2023 regulations did not enter into force in Norway in 2023. The Norwegian Ministry of Finance has still encouraged Norwegian undertakings to report on the environmental objectives 3-6 for the financial year of 2023. Arendals Fossekompani has decided to include objectives 3-6 in this year’s EU Taxonomy assessment, and reports on eligibility and alignment for environmental objectives 1 and 2 following Commission Delegated Regulation (EU) 2020/852 and on eligibility for economic activities adopted by the EU as of June 2023. Additionally, one of our portfolio companies have chosen to report alignment on one of their activities contributing to water and marine resources.

Companies must report the share of aligned, eligible, not aligned and non-eligible economic activities for three KPIs: net revenue (turnover), capital expenditure (CapEx), and operating expenditure (OpEx). An activity is considered eligible if it matches the description of an economic activity according to the EU Taxonomy. An eligible activity needs to fulfil technical screening criteria (TCS) and minimum safeguards to be considered aligned. The figure below gives a detailed overview of the process for the EU taxonomy assessment.

### EU TAXONOMY ASSESSMENT



## ARENDALS FOSSEKOMPANI AND THE EU TAXONOMY

The EU Taxonomy is incorporated in Arendal Fossekompani’s investment strategy, encompassing new investments related to electrification, materials, and energy transition. Such 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. Due to strategic importance and stakeholder expectations, Arendals Fossekompani performed an initial assessment of the EU Taxonomy in 2021 and reported voluntarily on eligibility and alignment for the first two environmental objectives for 2022. In 2023, we are proud to expand our report to also cover the remaining four objectives.

## SCOPE

All portfolio companies in the Arendals Fossekompani Group have been considered for reporting on the EU Taxonomy for 2023. We have not included joint ventures and associated companies, as they are not consolidated in the Group’s financial statements. Each portfolio company has identified their business activities and assessed each activity with regards to the EU Taxonomy economic activities within the scope of all six environmental objectives.

### ECONOMIC ACTIVITIES IN THE PORTFOLIO

Environmental objective	Economic activity as defined in the EU Taxonomy	Transitional/enabling	Aligned/eligible, not aligned	Relevant companies
Climate change mitigation	4.9 Transmission and distribution of electricity	Enabling	Aligned	Volue
	4.5 Electricity generation from hydropower		Aligned	AFK Vannkraft
	3.6 Manufacture of other low carbon technologies	Enabling	Aligned	TEKNA
	3.6 Manufacture of other low carbon technologies	*	Eligible, not aligned	ENRX, TEKNA
	7.1 Construction of new buildings		Eligible, not aligned	AFK Property, Ampwell, ENRX
	7.7 Acquisition and ownership of buildings		Eligible, not aligned	AFK Property, Volue, ENRX
	8.2 Data-driven solutions for GHG emissions reductions	*	Eligible, not aligned	Volue, Alytic
	6.15 Infrastructure enabling low-carbon road transport and public transport	*	Eligible, not aligned	ENRX
	3.4 Manufacture of batteries	*	Eligible, not aligned	Ampwell
	4.10 Storage of electricity	*	Eligible, not aligned	Ampwell
8.1 Data processing, hosting and related activities	**	Eligible, not aligned	Ampwell	
7.2 Renovation of existing buildings	**	Eligible, not aligned	AFK Vannkraft	

ECONOMIC ACTIVITIES IN THE PORTFOLIO

Climate change adaptation	7.2	Renovation of existing buildings		Aligned	AFK Vannkraft
	8.2	Computer programming, consultancy and related activities		Eligible, not aligned	Volue
	9.1	Close to market research, development and innovation	*	Eligible, not aligned	Alytic
	14.1	Emergency services	*	Eligible, not aligned	NSSLGlobal
	7.1	Construction of new buildings		Eligible, not aligned	AFK Property
	4.5	Electricity generation from hydropower		Eligible, not aligned	AFK Vannkraft
Transition to a circular economy	3.1	Construction of new buildings		Eligible, not aligned	AFK Property, Ampwell, ENRX
	5.5	Product-as-a-service and other circular use-and result-oriented service models		Eligible, not aligned	NSSLGlobal
	5.2	Sale of spare parts		Eligible, not aligned	ENRX
	4.1	Provision of IT/OT data-driven solutions	*	Eligible, not aligned	Volue
	3.2	Renovation of existing buildings		Eligible, not aligned	AFK Vannkraft
Sustainable use and protection of water and marine resources	4.1	Provision of IT/OT data-driven solutions for leakage reduction	Enabling	Aligned	Volue
<p>* Activities that have the potential to be enabling, however are not classified as such since the technical screening criteria are not considered met.</p> <p>** Activities that have the potential to be transitional, however are not classified as such since the technical screening criteria are not considered met.</p>					

PROCESS

The EU Taxonomy assessment has been conducted by each portfolio company, supported by a core team with representatives from Arendals Fossekompani. Assessments have been performed in accordance with the structure of the EU Taxonomy, starting with eligibility assessments before assessing compliance with the criteria for substantial contribution and do no significant harm (DNSH). The minimum safeguards assessment has been conducted by Arendals Fossekompani on group level, based on policies and procedures covering the group. Eligible activities that meet the criteria for substantial contribution and DNSH, as well as the minimum safeguards, are reported as aligned. We reports the EU Taxonomy on an aggregate of portfolio companies.

When assessing the technical screening criteria, we have encountered challenges regarding interpretations and best practice. Some of the criteria refer to EU directives, that may not be, or is only partially, adopted and implemented in Norway. Subsequently this may lead to certain requirements and thresholds not being provided.

CONCLUSIONS

We are proud to report on all six environmental objectives of the EU Taxonomy. Through the exercise, we have found that AFK has the potential to contribute to multiple environmental objectives, covering Climate change mitigation, Climate change adaptation, Transition to a circular economy and Water and marine resources. Further, we recognize that one of AFK's main contributions going for-

ward may be through enabling others in the transition, through activities that have potential to be enabling.

Throughout 2023, AFK has developed its reporting on the EU Taxonomy in line with the developments and new guidance from the European Commission regarding the EU Taxonomy Regulation. This has also led to strengthened understanding of the EU Taxonomy's definitions of the KPIs.

This year's reporting show stable developments of the KPIs compared to last year. Aligned turnover is largely consistent, with a small increase of 0.3%. Eligible, not aligned turnover has seen an increase of roughly 1,3%. Aligned, and eligible, not aligned CapEx has both seen an increase of 12.9% and 1% respectively, and we are

pleased to observe that the capital expenditures across AFKs portfolio are yielding tangible results that are reflected in the EU Taxonomy. Aligned, and eligible, not aligned OpEx both see decreases of roughly 18% and 14% respectively, compared to the voluntary reporting in 2022. These changes highlight the improvements made to the calculation methodology in the 2023 report, driven by a strengthened understanding of the EU Taxonomy's OpEx definition.

The high percentage of eligible activities reflects the great potential in our portfolio companies. Our goal is to further increase both eligible and aligned reporting in the years to come.

EU TAXONOMY ELIGIBILITY AND ALIGNMENT

Turnover<sup>1</sup>

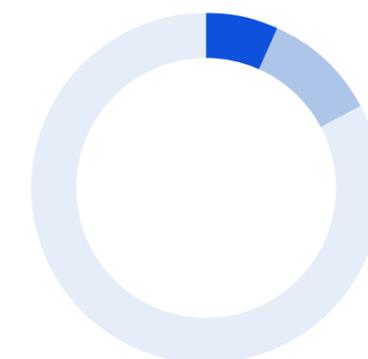
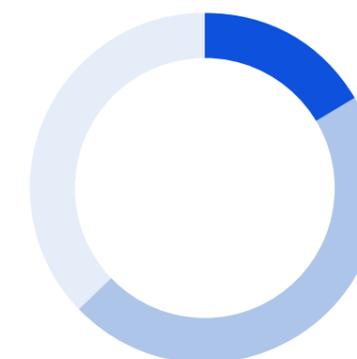
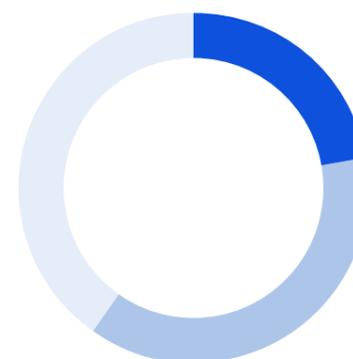
Aligned	22.3%
Eligible, not aligned	37.6%
Non-eligible	40.1%

CapEx<sup>2</sup>

Aligned	16.6%
Eligible, not aligned	46.3%
Non-eligible	37.0%

OpEx<sup>3</sup>

Aligned	6.9%
Eligible, not aligned	10.4%
Non-eligible	82.7%



1. Within the aligned turnover and the eligible, not aligned turnover, 3.7% and 12.1% respectively are related to the Commission Delegated Regulations of June 2023.
2. Within the aligned CapEx and the eligible, not aligned CapEx, 4.7% and 2.7% respectively are related to the Commission Delegated Regulations of June 2023.
3. Within the aligned OpEx and the eligible, not aligned OpEx, 1.9% and 1.7% respectively are related to the Commission Delegated Regulations of June 2023.

# Financial Statements

## 05



Proadpran B. Piccini  
Senior Analyst, Renewable Fuels, Veyt

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## STATEMENT OF INCOME

(1 000 NOK)

	Note	Group		Parent Company	
		2023	2022	2023	2022
Revenue		5 400 158	4 568 534	503 750	605 400
Other Income	1,2	40 885	18 002	15 565	22 687
<b>Revenue and other income</b>	<b>1</b>	<b>5 441 042</b>	<b>4 586 536</b>	<b>519 315</b>	<b>628 087</b>
Materials and consumables used		1 813 833	1 446 542	2 002	4 203
Employee benefit expenses	4	1 868 047	1 691 116	75 506	78 370
Other operating expenses	7	1 006 245	722 461	92 090	82 552
<b>Operating expenses</b>		<b>4 688 125</b>	<b>3 860 120</b>	<b>169 599</b>	<b>165 124</b>
<b>EBITDA</b>		<b>752 918</b>	<b>726 417</b>	<b>349 716</b>	<b>462 963</b>
Depreciation	5	179 227	183 679	13 072	11 532
Amortisation	6	140 687	104 308	1 934	1 934
Impairment loss property, plant and equipment	5		202		
Impairment loss intangible assets	6		9 489		
<b>Operating profit</b>		<b>433 004</b>	<b>428 740</b>	<b>334 711</b>	<b>449 497</b>
Finance income	8	182 626	118 486	267 658	601 459
Finance costs	8	193 221	81 201	92 438	54 503
<b>Net financial items</b>		<b>-10 595</b>	<b>37 285</b>	<b>175 220</b>	<b>546 956</b>
Share of profit or loss of associates and joint ventures	11	-31 382	-40 405		
<b>Profit before income tax</b>		<b>391 027</b>	<b>425 620</b>	<b>509 931</b>	<b>996 454</b>
Income tax expense	9	420 547	458 139	298 818	392 149
<b>Profit (-loss)</b>		<b>-29 520</b>	<b>-32 519</b>	<b>211 112</b>	<b>604 305</b>
<b>Attributable to</b>					
Equity holders of the company		32 590	5 744	211 112	604 305
Non-controlling interests		-62 110	-38 263		
<b>Total</b>		<b>-29 520</b>	<b>-32 519</b>	<b>211 112</b>	<b>604 305</b>
<b>Basic/diluted earnings per share (NOK)</b>	<b>22</b>	<b>0,59</b>	<b>0,10</b>	<b>3,85</b>	<b>11,02</b>

## STATEMENT OF COMPREHENSIVE INCOME

(1 000 NOK)

	Note	Group		Parent Company	
		2023	2022	2023	2022
<b>Items that may be reclassified to statement of income</b>					
Total Effect from Foreign Exchange		85 136	56 245		
Change on Cash flow hedges		5 535	-8 582		
Tax on cash flow hedges that may be reclassified to P&L	9	-1 218	1 888		
<b>Items that may be reclassified to statement of income</b>		<b>89 454</b>	<b>49 552</b>		
<b>Items that will not be reclassified to statement of income</b>					
Change in financial assets at fair value through OCI	16	2 088	-3 311	2 088	-3 311
Actuarial gains and Losses		-1 431	-2 352	-718	-2 615
Tax on OCI that will not be reclassified to P&L	9	-143	838	158	575
<b>Items that will not be reclassified to statement of income</b>		<b>513</b>	<b>-4 825</b>	<b>1 528</b>	<b>-5 351</b>
<b>Total Other Comprehensive Income (OCI)</b>		<b>89 967</b>	<b>44 727</b>	<b>1 528</b>	<b>-5 351</b>
<b>Profit (-loss) for the year</b>		<b>-29 520</b>	<b>-32 519</b>	<b>211 112</b>	<b>604 305</b>
<b>Total Comprehensive Income</b>		<b>60 446</b>	<b>12 208</b>	<b>212 640</b>	<b>598 954</b>
<b>Attributable to</b>					
Equity holders of the company		99 043	37 690	212 640	598 954
Non-controlling interests		-38 597	-25 482		
<b>Total</b>		<b>60 446</b>	<b>12 208</b>	<b>212 640</b>	<b>598 954</b>

## STATEMENT OF FINANCIAL POSITION

(1 000 NOK)

	Note	Group		Parent Company	
		2023	2022*	2023	2022
<b>Assets</b>					
Property, plant and equipment	5	1 428 536	1 086 112	227 396	229 477
Intangible assets	6	2 376 559	1 756 782	6 797	8 731
Investments in associates and joint ventures	11	20 315	37 317		16 906
Investment in subsidiaries	3,11			1 811 429	1 751 829
Intercompany loans - non current				1 384 434	320 728
Net pension assets	4	28 270	24 993	13 369	12 041
Non-current receivables	12	177 453	183 154	56 642	90 169
Shares in other companies	12	88 283	80 543	77 275	80 440
Deferred tax assets	9	127 723	108 430	46 285	47 349
<b>Non-current assets</b>		<b>4 247 139</b>	<b>3 277 331</b>	<b>3 623 627</b>	<b>2 557 669</b>
Inventories	13	1 280 223	845 472		
Contract assets	13	182 239	136 970		
Accounts receivable	14	1 044 423	926 124	22 127	31 233
Other receivables	14	249 648	388 804	221 022	477 062
Derivatives - current assets	16	4 545	11 065		
Other current assets	14	107 156	30 371		
Cash and cash equivalents	15	1 928 652	2 212 495	1 064 083	1 160 349
Financial assets at fair value through OCI	16	15 907	11 830	15 907	11 830
<b>Current assets</b>		<b>4 812 794</b>	<b>4 563 132</b>	<b>1 323 139</b>	<b>1 680 476</b>
<b>Total assets</b>		<b>9 059 932</b>	<b>7 840 462</b>	<b>4 946 766</b>	<b>4 238 145</b>

\* Restated, see note 15.

	Note	Group		Parent Company	
		2023	2022	2023	2022
<b>Equity and liabilities</b>					
Share capital	10	223 981	223 981	223 981	223 981
Other paid-in capital		25 604	21 800	25 604	21 800
Treasury shares		-112 938	-110 012	-112 938	-110 012
Other reserves		59 634	4 749	1 866	-1 833
Retained earnings		2 804 670	2 982 317	2 887 448	2 893 428
<b>Capital and reserves attributable to owners of the company</b>		<b>3 000 952</b>	<b>3 122 836</b>	<b>3 025 962</b>	<b>3 027 365</b>
Non-controlling Interests	11	637 581	661 511		
<b>Total equity</b>		<b>3 638 533</b>	<b>3 784 347</b>	<b>3 025 962</b>	<b>3 027 365</b>
Non-current bond loans	17,25	498 042	497 581	498 042	497 581
Non-current interest-bearing debt	17,25	1 745 430	353 067	964 324	153 307
Pension liabilities	4	36 938	23 588	6 623	6 358
Other non-current liabilities	25	30 778	32 079		
Non-current provisions			1 950		1 600
Deferred tax liabilities	9	132 939	65 025		
Non-current lease liabilities	19,25	226 537	203 076	57 965	60 258
<b>Non-current liabilities</b>		<b>2 670 664</b>	<b>1 176 366</b>	<b>1 526 954</b>	<b>719 105</b>
Current interest-bearing debt	17,25	234 715	170 841		
Bank overdraft	25	168 745	110 873		
Derivatives - current liabilities	16	3 660	9 196		
Accounts payable	18	512 917	969 613	11 852	12 105
Payable income tax	9	369 671	436 746	272 000	374 830
Contract liabilities	13	239 890	233 496		
Current interest-bearing debt, intercompany				36 416	17 185
Current lease liabilities	19	65 762	58 454	2 293	2 300
Current provisions	18	56 688	117 662	1 600	
Other current liabilities	18	1 098 687	772 868	69 690	85 255
<b>Current liabilities</b>		<b>2 750 736</b>	<b>2 879 748</b>	<b>393 850</b>	<b>491 675</b>
<b>Total liabilities and equity</b>		<b>9 059 932</b>	<b>7 840 462</b>	<b>4 946 766</b>	<b>4 238 145</b>

Froland, 11 April 2024



Trond Westlie,  
Chairman



Morten Bergesen,  
Board Member



Didrik Vignæs,  
Board Member



Christian Must,  
Board Member



Stine Rolstad Brenna,  
Board Member



Lise Lindbäck,  
Board Member



Anne Grethe Dalane,  
Board Member



Benjamin Golding,  
Chief Executive Officer

## STATEMENT OF CASH FLOWS

(1 000 NOK)

	Note	Group		Parent Company	
		2023	2022*	2023	2022
<b>Cash flow from operating activities</b>					
Net profit for the year		-29 520	-32 519	211 112	604 305
<b>Adjusted for</b>					
Depreciation, impairment and amortization		319 914	297 677	15 006	13 466
Net financial items		9 653	-37 285	-175 220	-546 956
Share of profit from associates and joint ventures		31 382	40 405		
Gain/loss from sales of assets		2 302	-140	-580	-503
Tax expense		420 547	458 139	298 818	392 149
Change in inventories		-404 443	-276 034		
Change in trade and other receivables		23 957	-223 935	-3 274	3 086
Change in trade and other payables		-521 964	180 171	-509	-38 644
Cash flow from internal accounts payable and receivable				10 867	25 924
Change in other current assets		-61 962	-15 960		
Change in other current liabilities		291 816	248 519	-20 674	61 932
Change in other provisions		1 965	-20 011		-8 400
Change in employee benefits		8 336	-1 861	-1 781	-1 530
Tax paid		-490 373	-193 717	-400 427	-112 023
<b>Net cash from operating activities</b>	<b>A</b>	<b>-398 391</b>	<b>423 448</b>	<b>-66 661</b>	<b>392 806</b>
<b>Cash flow from investing activities</b>					
Interest received and realized FX gains	8	94 789	60 220	115 151	45 855
Dividends received	8	3 234	3 659	99 627	97 229
Proceeds from the sales of PPE		1 078	4 220	878	503
Purchase of PPE and intangible assets		-644 948	-358 488	-11 290	-23 828
Purchase of shares in associates			-29 829		
Purchase of shares in subsidiaries (reduced by cash balance)	3	-476 565	-224 159		
Purchase of financial assets at fair value		-2 081		-2 081	
Proceed from sale of financial assets at fair value		93	85	93	85
Purchase of other investments		-16 161	-53 305		-43 751
Proceed from sale of other investments		21 001	5 916	20 608	
Transactions with investments in subsidiaries				-78 219	-91 651
Proceeds from the sales of shares in subsidiaries		11 774	5 409	11 776	5 506
<b>Net cash from investing activities</b>	<b>B</b>	<b>-1 007 787</b>	<b>-586 272</b>	<b>156 542</b>	<b>-10 052</b>

## STATEMENT OF CASH FLOWS

(1 000 NOK)

	Note	Group		Parent Company	
		2023	2022*	2023	2022
<b>Cash flow from financing activities</b>					
Equity payments from/ to non controlling interests		-10 260	17 699		
Cash from new borrowings	25	1 322 068	268 680	825 485	147 763
Repayment of long-term borrowings	25	-162 291	-256 833	-2 293	-3 958
Cash flow from issuance of receivables				2 283	
Cash flow from internal loans and borrowings				-761 615	-514 343
Cash flow from net change in current interest-bearing debt	25	277 552	2 686	-7	
Interest paid and realized FX losses	8	-137 058	-54 738	-43 809	-33 675
Payment of interest and currency swap					
Dividend paid		-251 175	-230 544	-216 532	-206 292
Group Contribution				9 462	12 278
Cash flow from treasury shares		878	-35 423	878	-35 423
Cash flow from other financing activities		4 092			
<b>Net cash from financing activities</b>	<b>C</b>	<b>1 043 806</b>	<b>-288 473</b>	<b>-186 148</b>	<b>-633 649</b>
<b>Cash flow</b>	<b>A+B+C</b>	<b>-362 372</b>	<b>-451 297</b>	<b>-96 267</b>	<b>-250 896</b>
Opening balance for cash and cash equivalents		2 212 495	2 640 922	1 160 349	1 411 245
FX effects on cash accounts		78 530	22 870		
<b>Closing Balance for cash and cash equivalents</b>		<b>1 928 652</b>	<b>2 212 495</b>	<b>1 064 083</b>	<b>1 160 349</b>
<b>Unused credit facilities</b>		<b>2 194 085</b>	<b>2 270 996</b>	<b>1 131 526</b>	<b>1 947 000</b>

\* Restated, see note 15.

## STATEMENT OF CHANGES IN EQUITY

(1 000 NOK)

Group

	Note	Share capital	Other paid-in capital	Treasury shares	Other reserves	Retained earnings	Owner's equity	Non-controlling Interests	Total equity
<b>Balance at 1 January 2022</b>		223 981	10 120	-63 119	-47 215	3 239 771	3 363 537	545 306	3 908 843
Profit (-loss) for the year						6 033	6 033	-38 552	-32 519
Total Other Comprehensive Income (OCI)					33 385	-1 728	31 657	13 070	44 727
Effect of share based payment	4				11 357		11 357	3 883	15 240
Treasury shares			11 681	-46 893		-211	-35 423		-35 423
Transactions with non-controlling interests	8				-4 340	128 570	124 230	161 543	285 773
Capital changes from subsidiaries					11 563	18 663	30 196	43	30 238
Dividends paid	10					-408 752	-408 752	-23 783	-432 535
<b>Balance at 31 December 2022</b>		223 981	21 800	-110 012	4 749	2 982 317	3 122 836	661 511	3 784 347
<b>Balance at 1 January 2023</b>		223 981	21 800	-110 012	4 749	2 982 317	3 122 836	661 511	3 784 347
Profit (-loss) for the year						32 590	32 590	-62 110	-29 520
Total Other Comprehensive Income (OCI)					62 625	3 288	65 913	24 054	89 967
Effect of share based payment	4				11 319		11 319	2 708	14 027
Treasury shares			3 804	-2 926		2 166	3 044	2 269	5 313
Capital changes from subsidiaries	3				13 384	-14 300	-916	26 150	25 234
Transactions with non-controlling interests					-32 443	22 863	-9 580	8 958	-622
Dividends paid	10					-224 254	-224 254	-25 958	-250 212
<b>Balance at 31 December 2023</b>		223 981	25 604	-112 938	59 634	2 804 670	3 000 953	637 581	3 638 533

## STATEMENT OF CHANGES IN EQUITY

(1 000 NOK)

Parent Company

	Note	Share capital	Other paid-in capital	Treasury shares	Other reserves	Retained earnings	Owner's equity	Non-controlling Interests	Total equity
<b>Balance at 1 January 2022</b>		223 981	10 120	-63 119	681	2 700 126	2 871 788		2 871 788
Profit (-loss) for the year						604 305	604 305		604 305
Total Other Comprehensive Income (OCI)					-3 311	-2 040	-5 351		-5 351
Effect of share based payment					797		797		797
Treasury shares			11 681	-46 893		-211	-35 423		-35 423
Dividends paid	10					-408 752	-408 752		-408 752
<b>Balance at 31 December 2022</b>		223 981	21 800	-110 012	-1 833	2 893 428	3 027 365		3 027 365
<b>Balance at 1 January 2023</b>		223 981	21 800	-110 012	-1 833	2 893 428	3 027 365		3 027 365
Profit (-loss) for the year						211 112	211 112		211 112
Total Other Comprehensive Income (OCI)					2 088	-560	1 528		1 528
Effect of share based payment	4				1 611		1 611		1 611
Treasury shares			3 804	-2 926			878		878
Dividends paid	10					-216 532	-216 532		-216 532
<b>Balance at 31 December 2023</b>		223 981	25 604	-112 938	1 866	2 887 448	3 025 962		3 025 962

# Notes to the annual and consolidated financial statements for 2023

## Accounting policies

### INFORMATION ABOUT THE COMPANY

Arendals Fossekompani ASA is domiciled in Norway, and with headquarters in Bøylefoss, in the Municipality of Froland. The consolidated financial statements for financial year 2023 include the company and its subsidiaries (as a whole, referred to as "the Group"). Information about the companies included in the scope of consolidation is disclosed in Note 11, together with information about Group investments in associates.

### Basis for preparation

The annual and consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the European Union and associated interpretations, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act applicable as of 31 December 2023.

The annual and consolidated financial statements were approved by the board of directors on 11 April 2024.

The annual and consolidated financial statements will be submitted for adoption at the Annual General Meeting scheduled for 15 May 2024. The board is authorised to amend the annual and consolidated financial statements until final adoption.

The financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the parent company. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand NOK units unless otherwise stated.

The financial statements have been prepared using the historical cost principle, with the exception of the following assets, which are presented at fair value: Financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income.

The Group recognises changes in equity arising from transactions with owners in the statement of changes in equity. Other changes in equity are presented in the statement of comprehensive income (total return).

Preparation of financial statements in accordance with IFRS requires the use of assessments, estimates and assumptions that influence which accounting policies shall be applied, and also influence recognised amounts for assets and liabilities, revenues and costs. Actual amounts can deviate from estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which they arise if they only apply to that period. If the changes also apply to subsequent periods, the effect is allocated over the current and subsequent periods.

Areas with significant estimation uncertainties, and where assumptions and assessments made have significantly influenced the application of the accounting policies, are disclosed in Note 21.

### Accounting policies

The accounting policies applied in the preparation of the annual and consolidated financial statements are described below. With the exception of effects described in the section on changes in accounting policies below, the policies are applied consistently for all periods. In case that subsidiaries have used other principles to prepare their separate annual financial statements, adjustments have been made so the consolidated financial statements are prepared according to common policies.

### CHANGES IN ACCOUNTING POLICIES FOR 2023

No new standards have been adopted by the Company and the Group with effect from 1 January 2023.

### PRINCIPLES OF CONSOLIDATION

#### Segment reporting

Financial information for the operating segments is determined and presented based on the information provided to the company's board of directors, which is the Group's ultimate decisionmaker.

### FOREIGN CURRENCY TRANSLATION

#### Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency of each individual Group company using the exchange rates at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated to NOK using the exchange rate at the balance sheet date. Differences that arise from the currency translation are recognised in the income statement.

### FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

Assets and liabilities in foreign currencies are translated to NOK using the exchange rate at the balance sheet date. Foreign exchange gains/losses related to sales are presented as part of sales, foreign exchange gains/losses related to purchases are presented as part of cost of materials, and foreign exchange gains/losses related to financing is presented as part of financial items.

### HEDGING ACTIVITIES

#### Cash flow hedge

When a derivative is designated as a hedging instrument on variability in cash flows for a recorded asset or liability, or for a highly probable forecast transaction, the effective portion of a change in fair value is recognised in other comprehensive income. The Group performs a qualitative assessment of hedging effectiveness. A hedging instrument is derecognised when it no longer satisfies hedge accounting criteria, sold, terminated or matures. The accumulated change in fair value recognised in other comprehensive income remains until the forecast transaction occurs. If the hedged item is a financial asset, the amount recognised in other comprehensive income is transferred to the income statement in the same period as the hedged item affects the income statement. If the hedged transaction is no longer expected to occur, the accumulated unrealised gains or losses are immediately recognised in the income statement.

### EQUITY

#### Ordinary shares

Ordinary shares are classified as equity. Costs associated with the issuance of shares are recognised as a reduction in net equity (share premium) after tax, if applicable.

#### Purchase and sale of treasury shares

On the repurchase of treasury shares, the purchase amount including directly attributable costs are recognised as a change in equity. Purchased shares are classified as treasury shares and reduce total equity. When treasury shares are sold, the received amount is recorded as an increase in equity, and the subsequent gain on the transaction is recognised in Other paid-in equity.

#### Depreciation

Depreciation is calculated using the straightline method over the estimated useful lifetime for each item of property, plant and equipment, and charged to the income statement. Land is not depreciated. Estimated economic lifetimes are as follows:

#### ESTIMATED ECONOMIC LIFETIMES

Watercourse regulations	40–50 years
<b>Power generation</b>	
Buildings	50 years
Dams, water ways, hatches	25-40 years
Machine equipment	40 years
Thermal power plant (Spain)	25 years
<b>Industrial activities</b>	
Buildings	20–25 years
Machinery and equipment	7–15 years
Operational moveable property, vehicles, equipment etc.	3–12 years

Residual value is assessed annually unless it is immaterial.

#### Construction contracts

The booked value of construction contracts consists of earned, non-invoiced income under the percentage-of-completion method, less received advance payments. The amount is recognised in the balance sheet under trade and other receivables. The net worth is classified as contract assets. Long-term manufacturing contracts where the customer has paid more than the earned contract value on the balance sheet date are classified as contract obligations. See also the section below on operating income and Note 13.

### EMPLOYEE BENEFITS

#### Share-based compensation

For share-based compensation by equity instruments granted that do not vest until the employee completes a specified period of service, it is assumed that the services to be rendered as consideration for the equity instruments will be received in the future, during the vesting period. Such services are accounted for as they are rendered by the employee during the vesting period, with a corresponding increase in equity.

### OPERATING INCOME

#### Goods sold and services rendered

Operating revenue is recognised when performance obligations are satisfied through the transfer of a good or service to the the customer, either over time or at a point in time. By transfer is meant that the customer has obtained control of the good or service. The most central indicators of transfer of control is that the Group has obtained the right to payment for the good or service, that the customer has obtained the right to the good or service, that the Group has transferred physical control of the good or service, that the customer has taken on the significant risks and rewards related to ownership of the good or service. Operating revenue is presented net of sales-related taxes and rebates.

Revenue related to fixed-price contracts where the deliverable is tailored to the customer, does not have an alternative use and where the Group obtains the right to payment based on the projects progress is recognised over time as long as the projects revenue and expenses can be estimated reliably. When the project's result cannot be estimated reliably, only revenue corresponding to expenses incurred may be recognised. Losses related to onerous contracts are recognised in the period they are identified.

Depending on the type of project, progress is estimated based on costs incurred in relation to total estimated costs, as direct hours incurred in relation to total expected hours or by assessing technical grade of completion. Estimates related to revenues, expenses and

progress are revised when assumptions change. Change in estimates are recognised in the income statement in the period management becomes aware of the change of assumptions that caused the change in estimate.

In fixed-price contracts the customer normally pays fixed amounts through the project period based on a payment plan. A contract asset is recognised if, at the measurement date the value of the deliverable at the exceeds payments received from the customer. A contract liability is recognised payment from the customer exceeds the value of the deliverable at the measurement date.

Revenue from energy sales is recognised at the transaction date.

#### Government grants

Government grants that compensate for incurred expenses are recognised as a cost reduction in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants related

to the acquisition of operating assets are recognised as reduction of cost and amortised by reducing amortisation over the operating asset's useful economic life.

#### Cash and cash equivalents

Cash means cash in hand and in the bank. Cash equivalents are short-term liquid investments that can be converted to cash within three months to a known amount and which have an insignificant degree of risk. Cash and cash equivalents in the cash flow statement do not include unused overdrafts.

#### Accounting standards and interpretations issued but not adopted

The company has not early-adopted any IFRS standards or IFRIC that have been issued but are not mandatory as of 31 December 2023. Based on the assessments made so far, it is assumed that coming standards and IFRIC approved by the EU will not have a material effect on the financial statements.

#### NOTE 1 SEGMENT REPORTING

(1 000 NOK)

Per 31.12.

	AFK Vannkraft		Group Management		Volve		NSSLGlobal		ENRX	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	503 750	605 400			243 511	233 919	1 203 525	1 042 013	913 885	708 950
Sales over time					1 219 230	981 242			885 888	629 369
Other Income	6 817	618	12 684	22 830	26 607	4 307	2 612		4 289	6 262
<b>Revenue and other income</b>	<b>510 567</b>	<b>606 018</b>	<b>12 684</b>	<b>22 830</b>	<b>1 489 349</b>	<b>1 219 468</b>	<b>1 206 137</b>	<b>1 042 013</b>	<b>1 804 062</b>	<b>1 344 581</b>
Operating expenses	85 382	61 407	87 467	104 620	1 281 076	1 072 845	975 289	787 089	1 605 918	1 269 705
Depreciation, amortization and impairment	11 657	9 567	3 358	3 904	128 469	106 470	19 557	45 712	82 516	78 316
<b>Operating profit</b>	<b>413 528</b>	<b>535 044</b>	<b>-78 140</b>	<b>-85 693</b>	<b>79 805</b>	<b>40 154</b>	<b>211 291</b>	<b>209 211</b>	<b>115 628</b>	<b>-3 439</b>
Share of profit or loss of associates and JV							1 087			
Net financial items			175 215	546 954	-17 208	-3 910	-3 234	27 058	-44 224	-16 605
Income tax expense	294 058	387 028	4 971	5 126	26 566	17 078	44 757	58 730	43 361	14 368
<b>Profit (-loss)</b>	<b>119 470</b>	<b>148 016</b>	<b>92 104</b>	<b>456 134</b>	<b>36 030</b>	<b>19 166</b>	<b>164 388</b>	<b>177 540</b>	<b>28 042</b>	<b>-34 413</b>
Total assets	227 280	222 622	4 723 264	4 016 715	2 145 099	1 864 916	1 066 740	915 389	2 014 539	1 765 276
Total liabilities	285 219	447 710	1 638 939	764 312	1 295 387	1 056 191	458 674	391 148	1 597 622	1 381 458
Net interest bearing debt			-1 105 443	-1 216 394	381 665	-329 608	-346 420	-340 233	776 613	558 358

#### NOTE 1 SEGMENT REPORTING

(1 000 NOK)

Per 31.12.

	Tekna		Property		Alytic		Ampwell		Vergia	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	212 174	161 536	10 941	23 543	45 742	39 342	53 562	105 265	518	938
Sales over time	107 029	37 016	332				71			
Other Income	8 528	5 679	6 412	11 628	446	1 221	2 171	769		
<b>Revenue and other income</b>	<b>327 730</b>	<b>204 231</b>	<b>17 685</b>	<b>35 171</b>	<b>46 188</b>	<b>40 564</b>	<b>55 804</b>	<b>106 035</b>	<b>518</b>	<b>938</b>
Operating expense	391 661	338 789	15 211	29 111	117 666	81 189	138 739	143 997	8 587	8 116
Depreciation, amortization and impairment	33 036	18 349	12 227	12 652	13 321	4 904	24 727	14 908		
<b>Operating profit</b>	<b>-96 966</b>	<b>-152 907</b>	<b>-9 753</b>	<b>-6 592</b>	<b>-84 799</b>	<b>-45 528</b>	<b>-107 661</b>	<b>-52 871</b>	<b>-8 070</b>	<b>-7 179</b>
Share of profit or loss of associates and JV	-4 755	-11 149					-1 126	-2 100	-16 999	-10 967
Net financial items	-4 973	-1 938	-3 847	-3 358	-541	406	-14 348	-7 032	-858	-86
Income tax expense	11 476	839	232	-488	-4 841	-2 604	-552	-650	68	
<b>Profit (-loss)</b>	<b>-118 170</b>	<b>-166 834</b>	<b>-13 832</b>	<b>-9 462</b>	<b>-80 500</b>	<b>-42 518</b>	<b>-122 584</b>	<b>-61 352</b>	<b>-25 994</b>	<b>-18 232</b>
Total assets	585 469	536 600	621 795	442 547	224 796	197 092	981 665	520 017	14 355	33 840
Total liabilities	291 026	147 705	436 921	236 387	85 263	64 632	1 067 567	489 313	24 208	24 513
Net interest bearing debt	125 011	-28 363	360 721	136 025	4 163	-17 615	879 061	379 257	19 029	4 911
							<b>Eliminations</b>		<b>Total</b>	
							2023	2022	2023	2022
Sales at a point in time									3 187 608	2 920 907
Sales over time									2 212 550	1 647 627
Other Income							-29 681	-35 312	40 885	18 002
<b>Revenue and other income</b>							<b>-29 681</b>	<b>-35 312</b>	<b>5 441 042</b>	<b>4 586 536</b>
Operating expense							-18 875	-25 718	4 688 125	3 871 150
Depreciation, amortization and impairment							-8 953	-8 135	319 914	286 647
<b>Operating profit</b>							<b>-1 853</b>	<b>-1 460</b>	<b>433 004</b>	<b>428 740</b>
Share of profit or loss of associates and joint ventures							-9 577	-16 189	-31 382	-40 405
Net financial items							-96 193	-504 204	-10 595	37 285
Income tax expense							451	-21 289	420 547	458 139
<b>Profit (-loss)</b>							<b>-108 075</b>	<b>-500 563</b>	<b>-29 520</b>	<b>-32 519</b>
Total assets							-3 545 070	-2 674 551	9 059 932	7 840 462
Total liabilities							-1 770 442	-947 257	5 421 400	4 056 111
Net interest bearing debt							-90 066	-93 256	1 015 274	-946 917

## Segment reporting

Financial information for the operating segments is determined and presented based on the information provided to the company's board of directors, which is the Group's ultimate decision-maker.

Short description of the operating segments:

### AFK VANNKRAFT

AFK Vannkraft generates hydropower electricity at two locations in the Arendal water - course. The Bøylefoss and Flatenfoss power stations produce more than 500 GWh annually. All financial items have been allocated to the Administration segment.

### GROUP MANAGEMENT

The Parent Company is focused on the development of new sustainable business opportunities and the follow-up of portfolio companies through long-term active ownership, in addition to power generation, property development, and management of financial investments. AFK Group Management employs 30 people. The head office is in Arendal. Eliminations consist mainly of profit- and loss items related to investments in Tekna and ENRX.

### VOLUE

Volue is a leading supplier of technology and enabler of the green transition. With 50 years of green technology expertise, Volue offers software solutions, systems and market insight that optimise production, trading, distribution and consumption of energy, as well as infrastructure and construction projects. Volue's critical services paves the way for a clean, flexible, reliable and profitable energy future.

### NSSL GLOBAL

NSSLGlobal is a leading independent provider of satellite communications and IT solutions in a global market. The company is committed to delivering high-quality voice and data services to customers anywhere in the world. NSSLGlobal's activities are divided into the areas Airtime, Projects, Hardware and Service.

### ENRX

ENRX was formed through the combination of EFD Induction and the wireless charging solutions provider IPT Technology, which was acquired by AFK during the second quarter. ENRX delivers advanced green power technology based on induction technology, with activities in three main areas: Induction Heating Machines, Induction Power Systems, Spares and Services, and the new area of Wireless Charging Solutions. ENRX's primary customer base operates within the automotive industry, renewables/wind turbines, pipe production, the electronics industry, the cable industry, and mechanical engineering.

### TEKNA

Tekna is a world-leading provider of advanced materials for 3D printing in the aerospace, medical and automotive sectors, and is well positioned in the growing market for advanced nanomaterials within the global electronics and batteries industries.

### PROPERTY

AFK Property comprises all property related companies and property investments

### ALYTIC

Alytic develops sustainable companies with strong domain competence and data at the core. In many sectors and markets there is a large untapped potential for utilizing data effectively to gain insight and make qualified decisions. This includes better solutions to process, analyze, and visualize available information.

### 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. Ampwell will accomplish this by combining hardware, software, other technologies and dedicated competence. Ampwell is majority owner in the energy storage specialist Commeo GmbH and software company Collect Energy S.L.

### VERGIA

Vergia was established by Arendals Fossekompani in 2022. The Vergia ecosystem includes verticals such as small-scale hydropower, energy parks, power-to-x, off-shore wind and green fuel. Vergia is owned 100% by Arendals Fossekompani.

## NOTE 1 GEOGRAPHICAL SEGMENTS

(1 000 NOK)

Geographical segments	Norway		Europe		Asia		North America		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	225 211	1 200 009	3 265 501	2 370 382	1 227 905	616 381	722 426	399 765	5 441 042	4 586 536
Segment assets	1 695 075	3 553 373	5 189 719	3 049 811	1 374 982	603 470	800 157	633 809	9 059 932	7 840 462

Parent Company	AFK Vannkraft		Group Management		Total	
	2023	2022	2023	2022	2023	2022
Revenue and other income	510 567	606 018	8 748	22 070	519 315	628 087
Operating expenses	85 382	61 407	84 216	103 718	169 599	165 124
Depreciation, amortization and impairment	11 657	9 567	3 349	3 899	15 006	13 466
<b>Operating income</b>	<b>413 528</b>	<b>535 044</b>	<b>-78 817</b>	<b>-85 547</b>	<b>334 711</b>	<b>449 497</b>
Net financial items			175 220	546 956	78 827	546 956
Income tax expense	294 058	387 028	4 760	5 121	298 818	392 149
<b>Profit (-loss)</b>	<b>119 470</b>	<b>148 016</b>	<b>91 643</b>	<b>456 289</b>	<b>114 719</b>	<b>604 305</b>
Total assets	227 280	222 622	4 719 486	4 015 522	4 946 766	4 238 145
Total liabilities	285 219	447 710	1 635 585	763 070	1 920 804	1 210 780
<b>Net interest bearing debt</b>			<b>-1 107 253</b>	<b>-1 216 569</b>	<b>-1 107 253</b>	<b>-1 216 569</b>

## NOTE 2 OTHER INCOME

(1 000 NOK)

	Group		Parent Company	
	2023	2022	2023	2022
Other	12 785	11 646	6 237	4 518
Other income, intercompany			8 748	17 667
Gain sales of assets	25 225	1 886	580	503
Grants/subsidies	2 875	4 470		
<b>Other income</b>	<b>40 885</b>	<b>18 002</b>	<b>15 565</b>	<b>22 687</b>

## NOTE 3 BUSINESS COMBINATIONS

(1 000 NOK)

## ACQUISITION OF COLLECT ENERGY S.L. (SEGMENT AMPWELL)

In 2022, Ampwell AS co-founded and acquired 40% of Collect Energy S.L., 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 will be able to connect to several different batteries, independent of manufacturer and technology. Ampwell AS is 100% owned by Arendals Fossekompani ASA. On 24 March 2023, Ampwell AS acquired another 11% of the issued share capital of Collect Energy leading to control over the company with an ownership of 51%. As a result of this transaction, the investment in Collect Energy is considered a business combination from this date and net identifiable assets have been recognized at fair value. At acquisition date Collect employed 10 people. During the third quarter of 2023, Ampwell has increased its ownership in Collect Energy and went from 51% to 61% ownership in the company. At year-end Collect employs 18 people.

## Acquisition of Collect Energy S.L.

Purchase consideration	
Cash paid for share issuance	5 697
<b>Total purchase consideration 11%</b>	<b>5 697</b>
<b>Total consideration based on 100.00%</b>	<b>51 791</b>

The assets and liabilities recognised as a result of the acquisition of Collect Energy SL on 100% basis are as follows:

Furniture and equipment	379
Non-current Rental deposit	202
Trade account receivables	93
VAT receivables	698
Other current receivables	37
Bank deposits	322
Cash from share issuance	5 375
Trade and other payables	-186
Other current liabilities	-444
<b>Net identifiable assets acquired</b>	<b>6 475</b>
Added goodwill	44 994
<b>Net assets required</b>	<b>51 469</b>

The acquired intangible assets consist of technology, patents, order backlog and customer relationships. The net identifiable assets are acquired at fair value. The goodwill is attributable to the workforce and the high synergies between the two businesses. It will not be deductible for tax purposes. The acquired business contributed revenues of NOK 0.4 million and a net loss of NOK 9.6 million to the group for the period March 24<sup>th</sup> to December 31<sup>st</sup> 2023. If the acquisition had occurred on January 1<sup>st</sup> 2023, consolidated pro-forma revenues and profit for the year ended December 31<sup>st</sup> 2023 would have been NOK 0.5 million for operating revenues and NOK 12.5 million as a net loss.

## Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	5 697
Less cash acquired	-322
<b>Net outflow of cash - investing activities</b>	<b>5 375</b>

## ACQUISITION OF VOLUE OY (ENERIM OY) (SEGMENT VOLUE)

On 30th June 2023, Volue made its biggest acquisition to date in the shape of Enerim Oy's Energy Market Services division. The acquired business brings approx. 150 new clients, 63 new employees and combined with Volue Market Services creates a strong foundation for further growth for Portfolio management as a service.

## Acquisition of Enerim Oy

Purchase consideration	
Cash paid	357 738
<b>Total purchase consideration 100%</b>	<b>357 738</b>

The assets and liabilities recognised as a result of the acquisition of Enerim Oy are as follows:

Intangible assets	195 349
Fixed assets	200
Other receivables	11 990
Cash and cash equivalents	11 790
Other current liabilities	-23 828
Deferred tax liability	-52 737
<b>Net identifiable assets acquired</b>	<b>142 765</b>
Added goodwill	214 973
<b>Net assets required</b>	<b>357 738</b>

The acquired intangible assets consist of technology, patents, order backlog and customer relationships. The amortization time of the intangible assets are defined based on type of asset based on projected life of the assets in use. For Customer relationship 15 years is used as amortization period, due to low churn in the portfolio and following expected lifetime of the customer relationships. For Software and Technology an amortization period of five years is used, following expected lifetime of asset that has been acquired. The net identifiable assets are acquired at fair value. As part of the purchase price allocation an estimation, a basis based on the purchase price, a fair value of identified assets and liabilities. The remaining difference between the fair value of identified assets and the purchase price is classified as goodwill. The goodwill is attributable to the workforce and the high synergies between the two businesses. The acquired business contributed revenues of NOK 60.4 million and a net profit of NOK 1.1 million to the group for the period June 30<sup>th</sup> to December 31<sup>st</sup> 2023. If Volue OY were to be acquired as of 1.1.2023 the business would have contributed with additional 60,4 million NOK in revenues and additional 10.8 million NOK in EBITDA for the year 2023. As part of the acquisition of Volue OY transaction cost of 14.1 million has been booked into the 2023 accounts as other operating expenses. These cost are related to transaction fees and fees to financial and legal advisors.

## Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	357 738
Less cash acquired	-11 790
<b>Net outflow of cash - investing activities</b>	<b>345 948</b>

## NOTE 4 EMPLOYEE BENEFIT EXPENSES

(1 000 NOK)

	Group		Parent Company	
	2023	2022	2023	2022
Salaries	1 899 577	1 584 053	55 345	62 573
Social security contributions	228 811	175 828	10 566	7 784
Pension costs	79 355	63 505	4 762	4 242
Capitalised cost	-391 829	-207 360		
Share-based payments	14 043	15 239	1 611	797
Other benefits	38 090	59 852	3 221	2 973
<b>Total employee benefits</b>	<b>1 868 047</b>	<b>1 691 116</b>	<b>75 506</b>	<b>78 370</b>
<b>Average number of full-time headcounts</b>	<b>2 598</b>	<b>2 341</b>	<b>37</b>	<b>35</b>

2023	Salaries, fees	Bonus paid out this year	Benefits in kind	Total remuneration	Share-based payment	Paid-in pension contribution	Number of board meetings (i)
<b>Senior Executives</b>							
Benjamin Golding, CEO from 01.05.2023	2 436		14	2 450	146	78	
Lars Peder Fensli, CFO, interim CEO from 01.01.2023 until 30.04.2023	3 049	839	34	3 922	250	124	
Morten Henriksen, Executive Vice President until 31.03.2023	1 008	566	7	1 581	47	52	
Håkon Tanem, Executive Vice President from 09.10.2023, (vi)	578	2 000	13	2 591	16	30	
Torkil Mogstad, Executive Vice President	2 126	423	32	2 581	250	93	
Ingunn Ettestøl, ESG Director	1 798	326	23	2 147	188	144	
Ann-Kari A. Heier, Executive Vice President from 14.11.2023	252		4	256	10	19	
<b>Board Members, Audit and Compensation Committees</b>							
Trond Westlie, Chairman, (iii) (v)	1 220			1 220			10
Morten Bergesen, Deputy Chairman, (ii), (iv)	458			458			10
Didrik Vignsnes, Board Member, (iii)	386			386			10
Christian Must, Board Member, (iii)	373			373			10
Stine Rolstad Brenna, Board Member, (ii)	443			443			10
Lise Lindback, Board Member, (iii)	376			376			10
Anne Grethe Dalane, Board Member, (ii)	397			397			10
<b>Total remuneration</b>	<b>14 900</b>	<b>4 154</b>	<b>127</b>	<b>19 181</b>	<b>907</b>	<b>540</b>	

2022	Salaries, fees	Bonus paid out this year	Benefits in kind	Total remuneration	Share-based payment	Paid-in pension contribution	Number of board meetings (i)
<b>Senior Executives</b>							
Ørjan Svanevik, CEO until 16.12.2022	4 988	2 379	298	7 665	250	130	
Lars Peder Fensli, CFO	2 171	591	27	2 789	125	116	
Morten Henriksen, Executive Vice President	2 768	703	27	3 498	125	118	
Torkil Mogstad, Executive Vice President	2 028	513	27	2 568	125	96	
Ingunn Ettestøl, ESG Director	1 702	376	27	2 105	83	135	
<b>Board Members, Audit and Compensation Committees</b>							
Trond Westlie, Chairman from 06.05.2022	470			470			5
Jon Hindar, Chairman, until 06.05.2022 (iii)	205			205			5
Morten Bergesen, Deputy Chairman, (ii), (iii), (iv)	436			436			10
Didrik Vignsnes, Board Member	367			367			10
Christian Must, Board Member	387			387			10
Heidi Marie Petersen, Board Member, until 06.05.2022	107			107			1
Kristine Landmark, Board Member, until 06.05.2022	107			107			4
Stine Rolstad Brenna, Board Member, (ii)	419			419			9
Lise Lindback, Board Member from 06.05.2022	250			250			5
Anne Grethe Dalane, Board Member, from 06.05.2022 (ii)	269			269			5
<b>Total remuneration</b>	<b>16 674</b>	<b>4 562</b>	<b>406</b>	<b>21 642</b>	<b>708</b>	<b>595</b>	

- (i) 10 Board meetings were held in 2023 and 10 in 2022  
(ii) Member of Audit Committee  
(iii) Member of Compensation Committee  
(iv) Member of Nomination Committee  
(v) Including consultancy fee of tNOK 500, refer to note 24  
(vi) Sign-on bonus of tNOK 2.000 without binding period

In addition, tNOK 62 (155) was paid in pensions to former board members.

Senior executives participate in the collective pension scheme for employees of the parent company and subsidiaries. Refer to the description in the note on pensions. All companies in the Group have phased out defined-benefit pension schemes with effect from 31 December 2015. Bonuses, options and other benefits are not pensionable. Senior executives of the Group received no remuneration or benefits from other Group companies except as shown above. No additional remuneration was paid for special services beyond normal management duties.

**Employment terms for the CEO and other senior executives:**

On 16 December 2022 it was announced that Ørjan Svanevik resigns as CEO of Arendals Fossekompani. New CEO, Benjamin Golding, joined Arendals Fossekompani on 1 May 2023. The following severance pay has been agreed for the new CEO in the event of the termination of his employment: Salary will be paid during the notice period (6 months). In addition he will receive a severance pay amounting to 6 months of salary. As part of the incentive program for senior executives in AFK, the new CEO was given the right to buy 16 750 shares in the company in 2023 at a 20% discount with a tie-in period of three years. Lars Peder Fensli, Torkil Mogstad and Ingunn Ettestøl were given the right to buy 7 200 shares in 2023 on the same terms. New senior executives in 2023, Håkon Tanem and Ann-Kari Heier, were given the right to buy respectively 22 047 and 14 698 shares in 2023 on the same terms. Executives may borrow up to two-thirds of the purchase price for the shares on the same terms as ordinary employee loans. Loans are secured by a mortgage on the shares and run as long as the employment relationship lasts.

## PENSION LIABILITIES

(1 000 NOK)

## PENSION OBLIGATIONS / COSTS

The Group's Norwegian companies are obligated to maintain an occupational pension scheme pursuant to the Mandatory Occupational Pension Scheme. The pension scheme satisfies statutory requirements. The pension scheme includes a retirement pension, disability pension and survivor pension. With effect no later than 31.12.2015, all the companies in the Group discontinued their defined benefit plan.

	Group		Parent Company	
	2023	2022	2023	2022
<b>Pension liabilities</b>				
Present value of unfunded liabilities	17 508	10 626	5 804	5 573
Present value of funded liabilities	82 840	76 592	48 131	45 927
Fair value of pension assets	-96 027	-91 682	-61 500	-57 968
Recognised employers' contributions	1 536	786	818	786
<b>Present value of net liabilities</b>	<b>5 856</b>	<b>-3 679</b>	<b>-6 747</b>	<b>-5 683</b>
Of which presented as pension assets	28 270	24 993	13 369	12 041
Other pension liabilities	2 811	2 274		
<b>Gross pension liabilities</b>	<b>36 938</b>	<b>23 588</b>	<b>6 623</b>	<b>6 358</b>
<b>Change in recognised net liability for defined-benefit pensions</b>				
Net funded defined-benefit pension liability as at 1 January	-11 107	-15 049	-12 041	-13 859
Liability for unfunded schemes as at 1 January	6 000	10 327	6 358	7 091
Paid-in contributions	-1 022	1 731	-1 475	-997
Paid out from the scheme	-282	-3 638	-292	-535
Actuarial (gains) losses from other comprehensive income	1 431	1 095	718	2 615
Exchange rate changes, pension liabilities	805	418		
Costs of defined-benefit schemes	483	10	-14	2
<b>Net liability for defined-benefit schemes as at 31 December</b>	<b>-3 691</b>	<b>-5 106</b>	<b>-6 747</b>	<b>-5 683</b>
<b>Costs recognised in the income statement</b>				
Costs relating to this period's pension entitlements	259	373		
Interest on the liabilities	2 550	1 588	1 502	961
Expected return on pension plan assets	-2 916	-1 946	-1 721	-1 120
Recognised employers' contributions	590	-5	205	162
Expenses from defined benefit plans	483	10	-14	2
Costs of defined-contribution pension schemes	76 808	61 954	2 819	2 922
Net interest on pension liabilities transferred to finance	122	222	14	
Transfer effect of discontinuation of separate line in income statement	1 943	1 318	1 943	1 318
<b>Total pension costs</b>	<b>79 355</b>	<b>63 505</b>	<b>4 762</b>	<b>4 242</b>
<b>Actual return on pension plan assets</b>	<b>8 939</b>	<b>-1 526</b>	<b>5 652</b>	<b>-950</b>
<b>Development of the Group's funded pension liabilities</b>				
Present value of funded liabilities	82 840	76 592	48 131	45 927
Fair value of pension assets	-96 027	-91 682	-61 500	-57 968
<b>Net result</b>	<b>-13 187</b>	<b>-15 090</b>	<b>-13 369</b>	<b>-12 041</b>

## SHARE-BASED PAYMENTS

## EMPLOYEE SHARE OPTION PLAN - VOLUE GROUP

The amended guidelines for remuneration of leading persons in the Volue group including the establishment of the share option plan was approved by the shareholders at the 2021 extraordinary general meeting. The share option plan is based on a structure in which the Company's senior management and certain other key employees are granted share options in the Company. Each share option carries the right to acquire one share in the Company. The total number of share options that may be issued under the plan is 2,397,747 for the first-year grant of options and 2,867,621 for the second-year grant of options and 2,397,747 for the third-year grant. The share options vest three years after the date of grant (service condition) and will lapse if not exercised within seven years following the date of grant. For the share options to vest, a minimum average share price development of 4.5% p.a. is required (performance condition). Upon any exercise of share options, the Company may settle its obligations by selling the relevant number of shares or by payment in cash. The share option plan has been treated as an equity-settled plan under IFRS. The strike price of the share options will be based on the volume weighted average share price over the ten last trading days preceding the grant date. The total profit each option holder may achieve shall be limited to 300% of the fair market value of the share at grant. Set out below are summaries of options granted under the plan:

	2023		2022	
	Average exercise price per share option (NOK)	Number of options	Average exercise price per share option	Number of options
As at 1 January	48,46	4 331 439	56,10	1 781 085
Granted during the year	17,61	2 633 497	28,90	2 658 229
Exercised during the year	0	0	0	0
Forfeited during the year	28,90	287 875	56,1	107 875
<b>As at 31 December</b>	<b>30,86</b>	<b>6 677 061</b>	<b>48,46</b>	<b>4 331 439</b>
Vested and exercisable at 31 December	0	0	0	0

No options expired during the periods covered by the tables above.

No options expired during the periods covered by the tables above. Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price (NOK)	Share options 31 December 2023	Share options 31 December 2022
21-Dec-21	20-Dec-28	56,10	1 531 085	1 673 210
19-Dec-22	18-Dec-29	28,90	2 748 229	2 658 229
04-Dec-23	03-Dec-30	17,61	2 397 747	
<b>Total</b>			<b>6 677 061</b>	<b>4 331 439</b>

Weighted average remaining contractual life of options outstanding at end of period

5.95 years

6.58 years

### FAIR VALUE OF OPTIONS GRANTED

The assessed fair value at grant date of options granted during the year ended 31 December 2023 was NOK 5,3 per option (2022 – NOK 7,6). The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model that considers the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the volatilities of the peer group companies.

The model inputs for options granted during the year ended 31 December 2023 included:

- a. Options are granted for no consideration and vest after three years (service condition) and based on minimum share price development (performance condition). Vested options are exercisable for a period of four years after vesting.
- b. Exercise price 17,61 (2022 – 28,99)
- c. Grant date: 04 December 2023 (2022 – 19 December 2022)
- d. Expiry date: 03 December 2030 (2022 – 18 December 2029)
- e. Share price at grant date: 17,61 (2022 – 28,99)
- f. Expected price volatility of the company's shares: 40% (2022 – 40%)
- g. Expected dividend yield: 0.00% (2022 – 0.00%)
- h. Risk-free interest rate: 4.10% (2021 – 3.86%)

The estimated expected price volatility is based on median of volatilities of the peer group companies over an historical period of 5 years since Volue has a short historical period only. The estimated expected lifetime of the options is set at 5 years.

### EMPLOYEE SHARE SCHEME - ARENDALS FOSSEKOMPANI ASA

In 2022, Arendals Fossekompni has established an incentive program for senior management and key employees which implies senior management is allowed to purchase shares in the Company each year up to a predetermined maximum amount. The shares are offered with 20% discount and three years lock-up period. In June 2023, senior management and key employees purchased 44,288 shares from the Company with 20% discount and a lock-up period of three years resulting in a share price of NOK 179,10. In December 2023, senior management and key employees purchased 36,745 shares from the Company with 20% discount and a lock-up period of three years resulting in a share price of NOK 102,05. The share price was calculated based on a 3-days weighted average stock market price before transaction date.

### EMPLOYEE SHARE SCHEME - ALYTIC GROUP

In 2021, Alytic AS has established an incentive program for senior management and key employees which implies senior management is allowed to purchase a certain maximum number of shares in the Company each year. The shares are offered with 20% discount without any lock-up period.

During 2023, senior management and key employees purchased 6,412 shares from the Company with 20% discount resulting in a share price of NOK 93,55. The price has been calculated based on equity investments in the Company resulting in an estimated stock market price of NOK 116,94.

### EMPLOYEE SHARE SCHEME - ENRX GROUP

ENRX group granted performance shares to all employees for the share price of NOK 47,68 per share (exercise price) with a lockup period of 3 years. The cost of the equity settled transactions is determined by the fair value at grant date using an

appropriate valuation model in form of a Discounted Cash Flow (DCF) model with several underlying assumptions. The fair value of the shares granted is calculated at NOK 77,64 per share. The value between the exercise price of the performance shares and the calculated fair value of the performance shares is expensed over the vesting period equal to the lockup period. The lockup period started 1 January 2022.

### EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognized during the period as part of employee benefit expense were as follows:

(1 000 NOK)	2023	2022
Options issued under employee share option plan in Volue	10 831	9 100
Shares purchased under employee share scheme in AFK	1 611	800
Shares purchased under employee share scheme in Alytic	150	1 470
Shares purchased under employee share scheme in ENRX	1 435	3 870
<b>Total expenses</b>	<b>14 027</b>	<b>15 240</b>

## NOTE 5 PROPERTY, PLANT &amp; EQUIPMENT

(1 000 NOK) Group 2022							
Cost	Hydro power plants	Under construction	Vehicles, machinery and equipment	Buildings and land	Right-of-use vehicles, machinery and eq.	Right-of-use buildings and land	Property, plant and equipment
Balance at 1 January 2022	311 961	38 308	996 435	588 649	25 305	309 716	2 270 375
Additions	5 946	40 698	91 746	11 748	191	890	151 217
Aquisitions through business combinations		1 075	35 334	10 774	200	2 204	49 587
Disposal	-73		-270 080	-1 071	-1 983	-7 844	-281 051
Transferred from under construction		-7 441	7 441				
No longer in use			-53 367	-1 043			-54 410
Change in RoU					5 266	103 042	108 309
Effect of movements in exchange rates		3 008	18 755	7 609	993	8 808	39 173
Balance at 31 December 2023	317 833	62 526	836 310	619 560	30 156	416 816	2 283 200
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2022	-180 666		-828 145	-182 469	-16 031	-124 388	-1 331 700
Depreciation	-6 106		-73 271	-26 810	-7 133	-70 355	-183 674
Impairment			-202				-202
Aquisitions through business combinations				-3 548			-3 548
Reclassification				174	-174		
No longer in use			53 181	1 229			54 410
Disposal	73		267 055	10	1 983	7 844	276 966
Change in RoU					1 435	10 568	12 003
Effect of movements in exchange rates			-15 800	-2 601	-479	-2 463	-21 343
Balance at 31 December 2022	-186 699		-597 181	-214 015	-20 400	-178 793	-1 197 088
Book value at 1 January 2022	131 295	38 308	168 290	406 179	9 274	185 328	938 675
Book value at 31 December 2022	131 134	62 526	239 129	405 545	9 756	238 023	1 086 112

## PROPERTY, PLANT &amp; EQUIPMENT

(1 000 NOK) Group 2023							
Cost	Hydro power plants	Under construction	Vehicles, machinery and equipment	Buildings and land	Right-of-use vehicles, machinery and eq.	Right-of-use buildings and land	Property, plant and equipment
Balance at 1 January 2023	317 833	62 526	836 310	619 560	30 156	416 816	2 283 200
Additions		217 496	116 066	66 540	492	6 294	406 888
Aquisitions through business combinations			579				579
Disposal			-9 320	-2 630	-1 673	-14 836	-28 460
Transferred from under construction		-1 347	1 347				
Reclassification		-10	517	-583	77		
No longer in use			3 689				3 689
Change in RoU					11 320	71 744	83 064
Effect of movements in exchange rates		1 513	39 257	9 678	1 484	11 812	63 744
Balance at 31 December 2023	317 833	280 178	988 443	692 565	41 856	491 829	2 812 704
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2023	-186 699		-597 181	-214 015	-20 400	-178 793	-1 197 088
Depreciation	-6 131		-71 502	-22 713	-7 526	-71 355	-179 227
Reclassification			-97	131	-34		
No longer in use			-3 701				-3 701
Disposal			7 650	635	1 673	14 836	24 794
Change in RoU					2 105	9 520	11 625
Effect of movements in exchange rates			-29 762	-4 421	-1 046	-5 342	-40 570
Balance at 31 December 2023	-192 831		-694 594	-240 382	-25 227	-231 133	-1 384 168
Book value at 1 January 2023	131 134	62 526	239 129	405 545	9 756	238 023	1 086 112
Book value at 31 December 2023	125 003	280 178	293 849	452 182	16 628	260 696	1 428 536
<b>Provision of security</b>							
As at 31 December 2023 operating assets in the subsidiaries with a book value of tNOK 421 103 (2022: tNOK 316 762) were pledged as security for bank loans (see Note 17).							

## PROPERTY, PLANT &amp; EQUIPMENT

(1 000 NOK)

Parent Company 2022

Cost	Hydro power plants	Under construction	Vehicles, machinery and equipment	Buildings and land	Right-of-use vehicles, machinery and eq.	Right-of-use buildings and land	Property, plant and equipment
Balance at 1 January 2022	311 961	6 235	16 511	4 756	504	23 746	363 713
Additions*	5 946	-5 055	22 938				23 828
Disposal	-73		-421				-494
Transferred from under construction							
Change in RoU						47 253	47 253
Balance at 31 December 2022	317 833	1 180	39 028	4 756	504	70 999	434 300
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2022	-180 666		-7 857		-14	-5 247	-193 785
Depreciation	-6 106		-1 742		-168	-3 516	-11 532
Disposal	73		421				494
Balance at 31 December 2022	-186 699		-9 179		-182	-8 763	-204 823
Book value at 1 January 2021	131 295	6 235	8 653	4 756	490	18 499	169 928
Book value at 31 December 2022	131 134	1 180	29 849	4 756	322	62 236	229 477

\* Negative addition of under construction assets of tNOK 5 055 is a reversal of wrongly capitalized costs that should have been expensed as operating expenses.

## PROPERTY, PLANT &amp; EQUIPMENT

(1 000 NOK)

Parent Company 2023

Cost	Hydro power plants	Under construction	Vehicles, machinery and equipment	Buildings and land	Right-of-use vehicles, machinery and eq.	Right-of-use buildings and land	Property, plant and equipment
Balance at 1 January 2023	317 833	1 180	39 028	4 756	504	70 999	434 300
Additions			11 290				11 290
Disposal			-1 743				-1 743
Transferred from under construction		-1 180	1 180				
Change in RoU						-5 973	-5 973
Balance at 31 December 2023	317 833		49 755	4 756	504	65 026	437 874
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2023	-186 699		-9 179		-182	-8 763	-204 823
Depreciation	-6 131		-3 292		-126	-3 522	-13 072
Disposal			1 444				1 444
Change in RoU					-28	6 001	5 973
Balance at 31 December 2023	-192 831		-11 027		-336	-6 284	-210 477
Book value at 1 January 2023	131 134	1 180	29 849	4 756	322	62 236	229 477
Book value at 31 December 2023	125 003		38 728	4 756	168	58 742	227 396

## NOTE 6 INTANGIBLE ASSETS

(1 000 NOK) Group 2022						
Cost	Goodwill	Other intangible assets	Concessions	Capitalised development cost	Intangible assets under development	Intangible assets and goodwill
Balance at 1 January 2022	727 624	299 430	12 250	333 300	29 796	1 402 401
Additions		27 004		176 347	5 175	208 525
Aquisitions through business combinations	331 625	174 383		31 376		537 385
Reclassification		654		-556	-98	
Under development				3 838	-3 838	
Effect of movements in exchange rates	16 189	9 838		1 859	632	28 518
Balance at 31 December 2022	1 075 438	511 310	12 250	546 165	31 666	2 176 829
<b>Amortization and impairment losses</b>						
Balance at 1 January 2022	-44 678	-166 541	-7 314	-91 891		-310 424
Amortization	-204	-42 175	-245	-61 684		-104 308
Impairment		-808		-8 680		-9 489
Aquisitions through business combinations		-1 797				-1 797
Reclassification of accumulated depreciations PPE disposal		1 043				1 043
Reclassification		649		-649		
Effect of movements in exchange rates	1 750	4 021		-844		4 928
Balance at 31 December 2022	-43 131	-205 609	-7 559	-163 748		-420 047
Book value at 1 January 2022	682 946	132 889	4 936	241 409	29 796	1 091 977
Book value at 31 December 2021	1 032 307	305 701	4 691	382 417	31 666	1 756 782

## INTANGIBLE ASSETS

(1 000 NOK) Group 2023						
Cost	Goodwill	Other intangible assets	Concessions	Capitalised development cost	Intangible assets under development	Intangible assets and goodwill
Balance at 1 January 2023	1 075 438	511 310	12 250	546 165	31 666	2 176 829
Additions		4 677		242 614	936	248 228
Aquisitions through business combinations	259 967	177 825		17 797	343	455 932
Reclassification of accumulated depreciations PPE disposal				-9 214		-9 214
Effect of movements in exchange rates	49 345	20 956		990	125	71 415
Balance at 31 December 2023	1 384 750	714 768	12 250	798 351	33 070	2 943 189
<b>Amortization and impairment losses</b>						
Balance at 1 January 2023	-43 131	-205 609	-7 559	-163 748		-420 047
Amortization		-56 950	-245	-83 491		-140 687
Reclassification of accumulated depreciations PPE disposal				9 214		9 214
Effect of movements in exchange rates	-2 018	-12 489		-604		-15 111
Balance at 31 December 2023	-45 149	-275 048	-7 804	-238 628		-566 630
Book value at 1 January 2023	1 032 307	305 701	4 691	382 417	31 666	1 756 782
Book value at 31 December 2022	1 339 601	439 720	4 446	559 723	33 070	2 376 559

## INTANGIBLE ASSETS

(1 000 NOK) Parent Company 2022						
Cost	Goodwill	Other intangible assets	Concessions	Capitalised development cost	Intangible assets under development	Intangible assets and goodwill
Balance at 1 January 2022		8 530	12 250			20 780
Additions						
No longer in use						
Balance at 31 December 2022		8 530	12 250			20 780
Amortization and impairment losses						
Balance at 1 January 2022		-2 802	-7 314			-10 116
Amortization		-1 689	-245			-1 934
No longer in use						
Balance at 31 December 2022		-4 490	-7 559			-12 049
Book value at 1 January 2022		5 728	4 936			10 664
Book value at 31 December 2022		4 040	4 691			8 731

## Parent Company 2023

Cost	Goodwill	Other intangible assets	Concessions	Capitalised development cost	Intangible assets under development	Intangible assets and goodwill
Balance at 1 January 2023		8 530	12 250			20 780
Additions						
No longer in use						
Balance at 31 December 2023		8 530	12 250			20 780
Amortization and impairment losses						
Balance at 1 January 2023		-4 490	-7 559			-12 049
Amortization		-1 689	-245			-1 934
No longer in use						
Balance at 31 December 2023		-6 179	-7 804			-13 983
Book value at 1 January 2023		4 040	4 691			8 731
Book value at 31 December 2022		2 351	4 446			6 797

## INTANGIBLE ASSETS

(1 000 NOK) A breakdown of the allocation of intangible assets between the companies is provided below.						
	Other intangible assets	Goodwill	Concessions	Capitalised development cost	Intangible assets under development	Total
<b>Intangible assets by company</b>						
Arendals Fossekompni	2 351		4 446			6 797
Volue	212 317	484 598		402 763	2 595	1 102 273
ENRX	71 451	351 336		72 352	2 667	497 807
NSSLGlobal	3	171 855				171 858
Tekna	42 771			6 013	10 980	59 764
Alytic	11 079	47 434		54 062	16 828	129 403
Ampwell	94 089	289 298		24 533		407 921
AFK Property		738				738
<b>Total intangible assets</b>	<b>434 061</b>	<b>1 345 260</b>	<b>4 446</b>	<b>559 723</b>	<b>33 070</b>	<b>2 376 559</b>

Other intangible assets consist mainly of technology, patents and trademarks, customer relationships and customer contracts. Capitalised development cost consist mainly of software development and platform development. Concession rights in the parent company are amortised over the term of the concession (50 years). Other intangible assets are amortised over periods of 4 to 10 years.

Goodwill is tested annually for impairment (see accounting policies and Note 21). Goodwill is allocated to and tested for impairment for the operating segments, which is the level goodwill is monitored by group management. The recoverable amount of goodwill is estimated based on value in use for the segments ENRX, NSSLGlobal and Alytic. For the segments Volue, Tekna and Ampwell, fair value less cost to sell is used to calculate the recoverable amount of goodwill. The impairment testing for 2023 did not result in any impairments.

Estimated value in use is based on discounted future cash flows. These measure the cash flows based on market requirements of return and risk. Value in use for 2023 has been calculated in the same way as in 2022. Budgets have been applied for 2024 and long-term forecasts from strategy plans for the period up to 2028. In addition, a convergence period of 5 years is applied to bridge 2028 financials to a terminal period with an applied growth rate of 2.0% after the 5+5 year forecasting period. The risk-free interest rate has been assessed separately for each company depending on currency of cash flows. Risk premiums between 3.7% and 6.8% were used in the calculations, depending on relevant markets, the nature of the business, maturity and uncertainty in forecasting. Moreover, scenario weighting and peer multiple analyses are used for sensitivity purposes. Special circumstances relating to the individual calculations are commented on below.

## VOLUE

Volue is listed on Oslo Stock Exchange, and the market capitalization of the company is considered as a best-estimate for fair value less cost to sell, and as such, the recoverable amount. The market value as per 31.12.2023 was MNOK 3,057 while the booked equity of the company in the group accounts as per 31.12.2023 was MNOK 881. The market value can decrease by more than 71% before an impairment may be needed.

## ENRX

The Required Rate of Return (WACC before tax) has been set to 11.9%. Revenue growth is based 2024 budget and board approved strategy forecast until 2028, outlining

expected growth for the Heat products and services and further commercial development of the Charge product and services. Revenue growth in the terminal period is set at 2.0%, according to an assumed inflation target. A sensitivity analysis based on a unilateral change in estimated future EBITDA shows that a reduction of more than 43% may lead to impairment. Equivalently, a 5.0 percentage point change in WACC may cause impairment.

#### NSSLGLOBAL

The Required Rate of Return (WACC before tax) has been set to 11.8%. Both revenue growth and EBITDA development in the forecast period are assumed moderate, with limited revenue growth and lower EBITDA margins compared to the last three-year average. Revenue growth in the terminal period is set at 2.0%, according to an assumed inflation target. A sensitivity analysis based on a unilateral change in estimated future EBITDA shows that a reduction of more than 73% may lead to impairment.

#### TEKNA

Tekna is listed on Oslo Stock Exchange, and the market capitalization of the company is considered as a best-estimate for fair value less cost to sell, and as such, the recoverable amount. The market value as per 31.12.2023 was MNOK 1,039, while the booked equity of the company in the group accounts as per 31.12.2023 was MNOK 450. The market value can decrease by more than 57% before an impairment may be needed.

#### ALYTIC

The Required Rate of Return (WACC before tax) has been set to 13.1%. Revenue growth is based on board approved strategy forecasts from the existing Alytic portfolio. The Alytic group of companies has over the last couple of years been in a build-up and commercialization phase, and expects significant growth in revenue and positive margins during the forecast period. Revenue growth in the terminal period is set at 2.0%, according to an assumed inflation target. A sensitivity analysis based on a unilateral change in estimated future EBITDA shows that a reduction of more than 20% may lead to impairment.

#### AMPWELL

Ampwell faced a challenging market in 2023, generating lower revenue and EBITDA than target. Ampwell is currently in a ramp-up phase, positioned in a high-growth and evolving energy storage market. Growth is expected to pick up substantially in the coming years following increased investments from Ampwell's target segment, and the company is assumed to be well positioned to take at least moderate market shares in Germany and the BeNeLux countries. It is believed that Ampwell possesses technology that is in demand and attractive for the relevant target segment.

To determine fair value less cost of disposal, a scenario-weighted discounted cash flow analysis has been made. Scenarios for revenue growth and EBITDA margin have been assessed until 2028 and weighted due to uncertainty related to timing of cash flows. Ampwell is projected to have a market share in the commercial and industrial segment for battery modules in Germany of 7-9% by the end of the forecast period in 2028. Following the end of the forecast period in 2028, a 5-year convergence period until a terminal period is applied to reflect continued double-digit growth expected for the relevant market. A market share of 9-10% for the relevant segment in Germany is assumed by the end of the convergence period (5+5 years).

The Required Rate of Return (WACC before tax) has been set to 13.5%. The terminal growth rate was set at 2.5%, as a result of external market research projecting double-digit growth for Ampwell's target segment until the end of the 5+5 year forecasting period<sup>1</sup>. As such, the terminal growth is assumed 0.5 percentage points higher than the assumed inflation target.

1. Global energy storage market outlook update – Wood Mackenzie 2023

A sensitivity analysis based on a unilateral change in estimated future EBITDA shows that a reduction of 5%-11%, depending on scenarios, may lead to impairment. Any material deterioration in assumptions related to expected market growth rates and attractiveness, Ampwell's market share and/or the competitiveness of Ampwell's technology could trigger an impairment. There are no such indications at the time of this report.

#### RESEARCH AND DEVELOPMENT COST

In 2023 development costs of tNOK 252 034 were capitalized (2022 tNOK 176 347). Other research and development costs in the Group are expensed as they arise and amounted to tNOK 83 257 in 2023 and tNOK 84 282 in 2022.

Value capitalize development cost related to development of a wide range of software solutions for the energy and infrastructure industries. The development of these software products will help customers manage and optimize their operations, assets, and resources in the future.

#### NOTE 7 OTHER OPERATING COSTS

	Group		Parent Company	
	2023	2022	2023	2022
(1 000 NOK)				
<b>Other operating cost</b>				
Contractors	65 833	9 622		
Maintenance property, plant and equipment	45 683	45 556	22 018	19 135
Loss sales of PPE	2 194	128		
Loss sales of other non-current assets	213	70		
Premises, service and office costs	135 721	76 527	2 716	3 870
Audit and other fees	132 239	191 676	24 785	22 410
Consession fees	3 502	2 903	3 291	2 903
Company cars, lifts and trucks	11 753	3 923	425	317
Communication costs	10 055	9 519		
Travelling costs, indirect	45 123	43 670	1 904	2 270
Sales and marketing costs	77 038	69 880	3 007	4 530
Manufacturing indirect costs	24 041	26 855	117	111
Other operating costs (Misc.)	102 256	61 689	11 041	9 620
Insurances	17 624	13 807	2 939	1 822
ICT costs	94 414	67 591	9 250	8 358
Property tax	15 314	9 304	9 544	4 532
R&D costs	1 464			
Loss allowance	39 935	5 461		
Operating costs, IC			1 052	2 671
Restructuring	18 033	39 388		
Operating costs	73 040			
Other direct costs	90 770	44 893		
<b>Other operating expenses</b>	<b>1 006 245</b>	<b>722 461</b>	<b>92 090</b>	<b>82 552</b>
<b>Remuneration to auditor</b>				
Statutory audit	20 323	14 420	3 192	2 072
Other assurance services	1 981	1 268	107	27
Tax advice	1 631	1 503	24	27
Other non-audit services	8 344	9 066	2 171	905
<b>Total remuneration to auditor</b>	<b>32 278</b>	<b>26 257</b>	<b>5 495</b>	<b>3 031</b>

## NOTE 8 FINANCE INCOME AND FINANCE COSTS

(1 000 NOK)

	Group		Parent Company	
	2023	2022	2023	2022
<b>Finance income</b>				
Interest income, intercompany			65 999	14 732
Interest income	77 270	35 778	47 287	24 750
Currency exchange income	63 002	74 616	50 849	40 151
Other finance income ***	39 119	4 433	13	356
Gain on partial sale of subsidiaries *			3 883	325 421
Gain/loss on total sale of subsidiaries				
Dividend income	3 234	3 659	3 234	3 009
Dividend income, intercompany			96 393	94 220
Group contribution income IFRS, intercompany				98 819
<b>Finance income</b>	<b>182 626</b>	<b>118 486</b>	<b>267 658</b>	<b>601 459</b>
<b>Finance cost</b>				
Interest expense	93 680	38 268	47 097	23 971
Interest expense cashpool	9 177	2 132		
Interest expense on lease	11 456	7 526	3 060	740
Currency exchange expense	19 347	17 567	476	5 751
Other finance cost **	50 743	15 707	34 016	13 206
Impairment loss on subsidiaries			150	10 836
Impairment loss on associates	7 638		7 638	
Translation differences	1 180			
<b>Finance costs</b>	<b>193 221</b>	<b>81 201</b>	<b>92 438</b>	<b>54 503</b>
<b>Net financial items</b>	<b>-10 595</b>	<b>37 285</b>	<b>175 220</b>	<b>546 956</b>

\* Sale of IPT Technology and profit from dividend in kind Tekna Holding ASA included in 2022 figures.

\*\* Include fair value adjustments of investments.

\*\*\* Gain of MNOK 20 related to establishment of Business Combination regarding Collect Energy SL and finance income Volue Insight of MNOK 14.

## NOTE 9 TAX EXPENSE

## ORDINARY INCOME TAX IN NORWAY:

- Ordinary income tax on general income. The tax rate was 22% in 2022 and 2023. The 22% tax rate was used to calculate deferred tax assets and deferred tax liabilities as at 31 December 2023.

## SPECIAL TAX RULES FOR NORWEGIAN ENERGY COMPANIES COMPRISE THE FOLLOWING ELEMENTS:

- Natural resource tax of 1.3 øre per kWh of the company's average annual production in the past 7 years. Estimated natural resource tax is deducted from the company's tax payable on general income. Natural resource tax still has to be paid in years when no tax is calculated as being payable.

The amount is recognised as a receivable and is offset against tax payable on general income in subsequent years. Natural resource tax accrues to the municipalities and counties in the concession area. Resource rent tax is taxation of income from use of natural resources like hydropower. The resource rent tax for hydropower is determined for each individual power station and accrues to the state. This tax is based on gross resource rent income less operating costs and tax-free allowances. Resource rent income is based on market prices and therefore differs from the company's recognised sales figures. Effective resource rent tax on hydropower has been increased from 37% to 45% with effect from the 2022 fiscal year. Small hydropower stations do not pay resource rent tax. Corporate tax is calculated before resource rent tax on hydropower. An effective resource rent tax rate of 45% therefore means that the formal resource rent tax is set at 57.7%. The total marginal tax (resource rent tax and corporate tax) will then be 67% for hydropower. In addition, high-price contribution is set at 23% of power revenues that exceed NOK 0.70 per kWh. This means that total marginal tax will be 90% for hydropower exceeding NOK 0.70 per kWh.

- Resource rent tax is taxation of income from use of natural resources like hydropower. The resource rent tax for hydropower is determined for each individual power station and accrues to the state. This tax is based on gross resource rent income less operating costs and tax-free allowances. Resource rent income is based on market prices and therefore differs from the company's recognised sales figures. Effective resource rent tax on hydropower has been increased from 37% to 45% with effect from the 2022 fiscal year. Small hydropower stations do not pay resource rent tax. Corporate tax is calculated before resource rent tax on hydropower. An effective resource rent tax rate of 45% therefore means that the formal resource rent tax is set at 57.7%. The total marginal tax (resource rent tax and corporate tax) will then be 67% for hydropower. In addition, high-price contribution is set at 23% of power revenues that exceed NOK 0.70 per kWh. This means that total marginal tax will be 90% for hydropower exceeding NOK 0.70 per kWh. High-price contribution tax was removed from October 2023.
- High-price contribution tax is introduced as a new tax for hydropower from 28 September 2022 and was removed from October 2023. The high-price contribution is set at 23% of power revenues that exceed NOK 0.70 per kWh. The tax brings the marginal tax rate for higher profits to 90%. The tax will be calculated based on monthly average spot prices for each price area, but use actual contract price for any industrial contracts. In addition to the standard deduction of NOK 0.70 per kWh, the tax base is adjusted for realised gains and losses on certain hedging instruments and certain deductible expenses. Management therefore considers the tax base to represent a net amount. Furthermore, the tax is imposed on the same tax subjects as for ordinary income tax and resource rent tax. In addition, it is the owners of the tax-transparent energy producers who are responsible for the tax, and the tax is not deductible for any other income tax. If management had concluded that the tax base did not represent a net result, the tax would have been treated as a levy within the scope of IAS 37, with the consequence that the tax would have been presented as an operating expense. Since Arendals Fossekompni do not have any derivative that could influence the level of the high price contribution in future periods, there are no deferred tax consequences related to the tax, and the amount recognised as an expense in 2022 and 2023 would be the same according to IAS 37 and IAS 12.

## TAX EXPENSE

	Group		Parent Company	
	2023	2022	2023	2022
<b>(1 000 NOK)</b>				
<b>Current tax expense</b>				
Natural resource tax for the year	6 370	6 266	6 370	6 266
Tax payable on general income less natural resource tax	237 057	206 763	91 630	125 475
High-price tax contribution	26 083	34 130	26 083	34 130
Adjustment for previous years	-18 953	-1 955	-486	
Resource rent tax payable for the year	174 000	230 700	174 000	230 700
<b>Total current tax</b>	<b>424 557</b>	<b>475 904</b>	<b>297 596</b>	<b>396 570</b>
<b>Deferred tax expense</b>				
Effect of change in temporary differences	-4 676	-12 412	545	920
Effect of changed tax rate	-10	-12		
Effect of change in temporary differences, resource rent tax	677	514	677	514
Effect of changed tax rate, resource rent tax		-5 855		-5 855
<b>Total deferred tax expense</b>	<b>-4 010</b>	<b>-17 765</b>	<b>1 222</b>	<b>-4 421</b>
<b>Total tax expense in the income statement</b>	<b>420 547</b>	<b>458 139</b>	<b>298 818</b>	<b>392 149</b>
<b>Reconciliation of effective tax rate</b>				
Total pre tax income	391 027	425 620	509 931	996 454
Tax based on current ordinary tax rate	127 780	93 636	112 185	219 220
High-price tax contribution	26 083	34 130		34 130
Resource rent tax for the year	174 673	225 359	200 760	225 359
Effect of different tax rates abroad	-2 676	-3 701		
<b>Calculated tax</b>	<b>325 861</b>	<b>349 425</b>	<b>312 944</b>	<b>478 709</b>
Effect of non-deductible expenses	32 300	89 837	9 133	6 678
Effect of non-taxable income	-48 410	-36 573	-22 772	-93 237
Effect of unrecognised tax loss carryforward	97 090	77 812		
Effect of changed tax rates	70	-39		
Effect of changed tax assessments for previous years	19 065	-20 958		
Over-/underprovision relating to previous years	-5 429	-1 365	-486	
<b>Tax expense in reconciliation of effective tax rate</b>	<b>420 547</b>	<b>458 139</b>	<b>298 818</b>	<b>392 149</b>
Current ordinary tax rate in Norway	22,0%	22,0%	22,0%	22,0%
Effective tax rate	103,1%	108,4%	58,6%	39,4%
<b>Tax recognised in other comprehensive income (OCI)</b>				
Tax on OCI that may be reclassified to P&L	-1 218	1 888		
Tax on OCI that will not be reclassified to P&L	-143	838	158	575
<b>Total tax recognised in OCI</b>	<b>-1 361</b>	<b>2 726</b>	<b>158</b>	<b>575</b>

## Tax payable

Tax payable of tNOK 369 671 (2022: tNOK 436 746) for the Group and tNOK 272 000 (2022: tNOK 374 830) for the parent company consists of unassessed tax payable for the current period.

## TAX EXPENSE

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
<b>(1 000 NOK)</b>						
<b>Group</b>						
Property, plant and equipment	23 711	27 255	-43 712	-38 478	-20 000	-11 223
Goodwill, intangible assets	7 509	5 755	-98 540	-40 505	-91 031	-34 750
Non-current receivables and liabilities in foreign currency	3 838	2 663	-11 737	-1 043	-7 900	1 620
Construction contracts		238	-6 535	-3 733	-6 535	-3 495
Inventories	8 883	12 067	-693		8 190	12 067
Trade and other receivables	1 449	1 150			1 449	1 150
Leases	19 123	18 588	-1 508	-1 547	17 615	17 041
Untaxed gains and losses	445	556	-4 075	-9	-3 630	547
Provisions	17 421	10 912	-691	-280	16 730	10 632
Other assets	3 537	282	-2 759	-5 072	778	-4 789
Financial instruments	805	2 023	-149	-145	656	1 878
Employee benefits	2 408	644	-4 346	-3 755	-1 937	-3 111
<i>Tax loss carryforward</i>	<i>341 560</i>	<i>203 349</i>			<i>341 560</i>	<i>203 349</i>
<i>Unrecognised tax loss carryforward</i>	<i>-293 284</i>	<i>-180 311</i>			<i>-293 284</i>	<i>-180 311</i>
<b>Recognised tax loss carryforward</b>	<b>48 277</b>	<b>23 038</b>			<b>48 277</b>	<b>23 038</b>
<b>Total deferred ordinary income tax</b>	<b>137 407</b>	<b>105 172</b>	<b>-174 746</b>	<b>-94 566</b>	<b>-37 339</b>	<b>10 606</b>
PPE, resource rent tax	32 123	32 800			32 123	32 800
<b>Total deferred resource rent tax</b>	<b>32 123</b>	<b>32 800</b>			<b>32 123</b>	<b>32 800</b>
<b>Deferred tax asset/liability</b>	<b>169 530</b>	<b>137 972</b>	<b>-174 746</b>	<b>-94 566</b>	<b>-5 216</b>	<b>43 405</b>
Offsetting of assets and liabilities	-41 807	-29 541	41 807	29 541		
<b>Net deferred tax asset/liability</b>	<b>127 723</b>	<b>108 430</b>	<b>-132 939</b>	<b>-65 025</b>	<b>-5 216</b>	<b>43 405</b>
<b>Parent Company</b>						
Property, plant and equipment	15 295	15 732			15 295	15 732
Leases	297				297	
Gains and losses account	54	68			54	68
Employee benefits			-1 484	-1 250	-1 484	-1 250
<b>Total deferred ordinary income tax</b>	<b>15 646</b>	<b>15 799</b>	<b>-1 484</b>	<b>-1 250</b>	<b>14 162</b>	<b>14 549</b>
PPE, resource rent tax	32 123	32 800			32 123	32 800
<b>Total deferred resource rent tax</b>	<b>32 123</b>	<b>32 800</b>			<b>32 123</b>	<b>32 800</b>
<b>Deferred tax asset/liability</b>	<b>47 769</b>	<b>48 599</b>	<b>-1 484</b>	<b>-1 250</b>	<b>46 285</b>	<b>47 349</b>
Offsetting of assets and liabilities	-1 484	-1 250	1 484	1 250		
<b>Net deferred tax asset/liability</b>	<b>46 285</b>	<b>47 349</b>			<b>46 285</b>	<b>47 349</b>

## CHANGE IN DEFERRED TAX OVER THE YEAR

(1 000 NOK)  
Group 2022

	Total Opening Balance	Changes in Net Income	Reclassi- fication	From OCI	Change in tax loss carry- forward	Mergers and acqui- sitions	Group Contri- bution N-GAAP	Input Effect from Foreign Exchange	Exchange differ- ences on translation of foreign operations	Total Effect from Foreign Exchange	Closing Balance
<b>Ordinary income tax</b>											
Property, plant and equipment	-11 863	-753	2 675			-615			-668	-668	-11 223
Goodwill, intangible assets	-16 451	522	-2 675			-14 171			-1 975	-1 975	-34 750
Non-current rec. and liab. in for. currency		-177	1 728					70	70	70	1 620
Construction contracts	-4 634	1 146						-7	-7	-7	-3 495
Inventories	10 163	1 389						515	515	515	12 067
Trade and other receivables	1 150	-31				2		25	30	30	1 150
Leases	17 168	-491			-30			394	394	394	17 041
Untaxed gains and losses	684	-137									547
Provisions	7 668	2 777						188	188	188	10 632
Other items	-5 114	559				-49		-185	-185	-185	-4 789
Financial instruments	-1 007	997		1 888							1 878
Employee benefits	-2 017	-240	-1 728	998		-89		-35	-35	-35	-3 111
Tax loss carryforward	15 947	6 862			-738	39		45	883	927	23 038
<b>Total ordinary income tax</b>	<b>11 693</b>	<b>12 424</b>		<b>2 886</b>	<b>-768</b>	<b>-14 883</b>		<b>45</b>	<b>-796</b>	<b>-746</b>	<b>10 606</b>
Property, plant and equipment	27 459	5 341									32 800
Loss carried forward - Resource rent											
<b>Total resource rent tax</b>	<b>27 459</b>	<b>5 341</b>									<b>32 800</b>
<b>Total change in deferred tax</b>	<b>39 151</b>	<b>17 765</b>		<b>2 886</b>	<b>-768</b>	<b>-14 883</b>		<b>45</b>	<b>-796</b>	<b>-746</b>	<b>43 405</b>

## CHANGE IN DEFERRED TAX OVER THE YEAR

(1 000 NOK)  
Group 2023

	Total Opening Balance	Changes in Net Income	Reclassi- fication	From OCI	Change in tax loss carry- forward	Mergers and acqui- sitions	Group Contri- bution N-GAAP	Input Effect from Foreign Exchange	Exchange differ- ences on translation of foreign operations	Total Effect from Foreign Exchange	Closing Balance
<b>Ordinary income tax</b>											
Property, plant and equipment	-11 223	-14 857							784	6 079	-20 000
Goodwill, intangible assets	-34 750	2 302				-51 084			-1 890	-7 499	-91 031
Non-current rec. and liab. in for. currency	1 620	-9 845	-18					70	282	343	-7 900
Construction contracts	-3 495	-3 049						-7	9	9	-6 535
Inventories	12 067	-4 499						515	622	622	8 190
Trade and other receivables	1 150	306						25	-1	-6	1 449
Leases	17 041	455			-36			394	538	155	17 615
Untaxed gains and losses	547	-4 178									-3 630
Provisions	10 632	6 471						188	359	-373	16 730
Other items	-4 789	5 359						-185	-322	208	778
Financial instruments	1 878	-4		-1 218							656
Employee benefits	-3 111	1 402	18	-143				-35	-103	-103	-1 937
Tax loss carryforward	23 038	24 825					-573	45	-61	1 070	987
<b>Total ordinary income tax</b>	<b>10 606</b>	<b>4 686</b>		<b>-1 361</b>	<b>-36</b>	<b>-51 084</b>	<b>-573</b>	<b>45</b>	<b>-61</b>	<b>1 349</b>	<b>424</b>
Property, plant and equipment	32 800	-677									32 123
Loss carried forward - Resource rent											
<b>Total resource rent tax</b>	<b>32 800</b>	<b>-677</b>			<b>-3 364</b>						<b>32 123</b>
<b>Total change in deferred tax</b>	<b>43 405</b>	<b>4 010</b>		<b>-1 361</b>	<b>-36</b>	<b>-51 084</b>	<b>-573</b>	<b>45</b>	<b>-61</b>	<b>1 349</b>	<b>424</b>

## CHANGE IN DEFERRED TAX OVER THE YEAR

(1 000 NOK)				
Parent Company 2022				
	Total Opening Balance	Changes in Net Income	From OCI	Closing Balance
<b>Ordinary income tax</b>				
Property, plant and equipment	16 238	-506		15 732
Leases	60	-60		
Gains and losses account	84	-17		68
Financial instruments				
Employee benefits	-1 489	-337	575	-1 250
Tax loss carryforward				
<b>Total ordinary income tax</b>	<b>14 893</b>	<b>-920</b>	<b>575</b>	<b>14 549</b>
Property, plant and equipment	27 459	5 341		32 800
Loss carried forward - Resource rent				
<b>Total resource rent tax</b>	<b>27 459</b>	<b>5 341</b>		<b>32 800</b>
<b>Total change in deferred tax</b>	<b>42 352</b>	<b>4 421</b>	<b>575</b>	<b>47 349</b>

## Parent Company 2023

<b>Ordinary income tax</b>				
Property, plant and equipment	15 732	-436		15 295
Leases		297		297
Gains and losses account	68	-14		54
Financial instruments				
Employee benefits	-1 250	-392	158	-1 484
Tax loss carryforward				
<b>Total ordinary income tax</b>	<b>14 549</b>	<b>-545</b>	<b>158</b>	<b>14 162</b>
Property, plant and equipment	32 800	-677		32 123
Loss carried forward - Resource rent				
<b>Total resource rent tax</b>	<b>32 800</b>	<b>-677</b>		<b>32 123</b>
<b>Total change in deferred tax</b>	<b>47 349</b>	<b>-1 222</b>	<b>158</b>	<b>46 285</b>

## RECOGNISED TAX LOSS CARRYFORWARD PER COUNTRY

(1 000 NOK)	
	Group
	2023
<b>Finance income</b>	
Norway	44 159
France	3 801
Spain	8
Other	309
<b>Total</b>	<b>48 277</b>

## NOTE 10 DIVIDEND

The Company pay dividend quarterly.

The following cash dividend has been paid; In February (for Q4), tNOK 52 067 (tNOK 49 407), in May tNOK 54 807 (tNOK 52 174), in September tNOK 54 836 (tNOK 52 171) and in November tNOK 54 823 (tNOK 52 078).

In 2022, shares in Tekna Holding ASA have been distributed as dividend (5 shares in AFK gave 1 share in Tekna ). Value of this dividend was tNOK 202 460.

No dividend is paid on treasury shares.

	Ordinary dividend	
	Approved 2023 and paid in 2023	Approved 2022 and paid in 2022
Paid	216 532	206 292
Value of shares		202 460
<b>Total</b>	<b>216 532</b>	<b>408 752</b>

## NOTE 11 GROUP COMPANIES

(1 000 NOK)		Shareholding		Non-controlling		Value in parent	
Subsidiaries	Domicile	2023	2022	2023	2022	2023	2022
Volue ASA	Oslo	60,0%	60,0%	342 715	327 948	304 295	304 295
NSSL Global Ltd	UK	80,0%	80,0%	127 552	104 848	273 298	273 298
ENRX ASA / EFD Induction AS	Skien	94,0%	95,1%	20 522	18 354	451 532	453 036
Alytic AS	Arendal	95,0%	95,0%	41 240	39 610	140 219	140 219
Tekna Holding ASA	Arendal	70,3%	71,1%	81 035	109 136	318 500	321 744
AFK Property AS	Arendal	100,0%	100,0%	6 634	7 351	227 692	227 692
Vergia AS / AFK Energy AS	Arendal	100,0%	100,0%			31 343	31 343
Ampwell AS	Arendal	100,0%	100,0%	17 883	54 263	100	100
AFK Tyskland Holding AS	Arendal	100,0%	100,0%			100	100
				<b>637 581</b>	<b>661 511</b>	<b>1 747 080</b>	<b>1 751 829</b>

## SUBSIDIARIES

			Shareholding	
			2023	2022
<b>Subsidiaries in Volue ASA</b>	<b>Oslo</b>	<b>Norway</b>		
<b>Subsidiaries in Volue Technology AS</b>				
Volue Technology AS	Trondheim	Norway	100,0%	100,0%
Volue Technology Denmark A/S	Odense	Denmark	100,0%	100,0%
Volue AB	Jönköping	Sweden	100,0%	100,0%
Volue AG	Basel	Switzerland	100,0%	100,0%
Volue Enerji Cözümleri	Istanbul	Turkey	100,0%	100,0%
Volue Sp. z.o.o.	Gdansk	Poland	100,0%	100,0%
Volue GK	Tokyo	Japan	100,0%	100,0%
Volue GK	Tokyo	Japan	100,0%	
<b>Subsidiaries in Volue Industrial IOT AS</b>				
Scanmatic AS	Arendal	Norway	100,0%	100,0%
Scanmatic Denmark ApS	Middelfart	Denmark	100,0%	100,0%
Scanmatic AB	Åkersberga	Sweden	100,0%	100,0%
<b>Subsidiaries in Volue Market Service AS</b>				
Volue Market Services AS	Arendal	Norway	100,0%	100,0%
Volue Market Services	Stockholm	Sweden	100,0%	100,0%
Volue Market Services	Aarhus	Denmark	100,0%	100,0%
Volue Market Services	Helsinki	Finland	100,0%	100,0%
<b>Subsidiaries in Volue Insight AS</b>	<b>Arendal</b>	<b>Norway</b>		
Volue Insight AS	Arendal	Norway	100,0%	100,0%
Volue Germany GmbH (Likron GmbH)	Munchen	Germany	100,0%	100,0%
Volue Energy GmbH (Procom GmbH)	Aachen	Germany	100,0%	100,0%
Volue UK Ltd	Bristol	UK	100,0%	100,0%
Volue Oy	Helsinki	Finland	100,0%	
<b>Subsidiaries in NSSLGlobal Ltd.</b>	<b>London</b>	<b>UK</b>		
NSSLGlobal LLC	California	USA	100,0%	100,0%
NSSLGlobal PTE Ltd	Singapore	Singapore	100,0%	100,0%
Nera Satellite Services LTD	London	UK	100,0%	100,0%
NSSL Ltd	London	UK	100,0%	100,0%
Aero-Satcom Ltd.	London	UK	50,0%	50,0%
NSSLGlobal AB	Hönö	Sweden	100,0%	100,0%
NSSLGlobal Technologies AS	Oslo	Norway	100,0%	100,0%
NSSLGlobal Continental Europe APS	Brøndby	Denmark	100,0%	100,0%
NSSLGlobal APS	Brøndby	Denmark	100,0%	100,0%
NSSLGlobal Polska SP.Z.o.o.	Warszawa	Poland	100,0%	100,0%
NSSLGlobal Israel Ltd	Beit Shemesh	Israel	100,0%	100,0%
NSSLGlobal Kabushiki Kaisha	Tokyo	Japan	100,0%	100,0%
NSSL Global BV	Scheemda	Netherlands	100,0%	100,0%
NSSLGlobal GmbH	Barbüttel	Germany	100,0%	100,0%
NSSLGlobal Distribution GmbH	Barbüttel	Germany	100,0%	100,0%
ESS Hanika GmbH	Barbüttel	Germany	100,0%	100,0%

## SUBSIDIARIES

			Shareholding	
			2023	2022
<b>Subsidiaries in ENRX ASA</b>				
Induction Holding AS	Skien	Norway	100,0%	100,0%
IPT GmbH	Skien	Norway	100,0%	100,0%
EFD Induction Group AS	Skien	Norway	100,0%	100,0%
EFD Induction AS	Skien	Norway	100,0%	100,0%
EFD Induction AS	Västerås	Sweden	100,0%	100,0%
EFD Induction GmbH	Freiburg	Germany	100,0%	100,0%
EFD France Holding Eurl	Grenoble	France	100,0%	100,0%
EFD Induction S.A	Grenoble	France	100,0%	100,0%
EFD Induction Ltd.	Wolverhampton	UK	100,0%	100,0%
EFD Induction Inc.	Detroit	USA	100,0%	100,0%
EHE Acquisition Corporation Inc	Detroit	USA	100,0%	100,0%
EFD Induction s.r.l	Milano	Italy	100,0%	100,0%
EFD Induction Ltd.	Bangalore	India	100,0%	100,0%
EFD Induction (Shanghai) Co., Ltd.	Shanghai	China	100,0%	100,0%
EFD Induction Ges.m.b.H	Wien	Austria	100,0%	100,0%
EFD Induction s.l	Bilbao	Spain	100,0%	100,0%
Inductro SRL	Bucuresti	Romania	100,0%	100,0%
EFD Induction SP.Z o.o	Gliwice	Poland	100,0%	100,0%
EFD Induction Co., Ltd	Bangkok	Thailand	100,0%	100,0%
EFD Induction K.K.	Yokohama	Japan	100,0%	100,0%
EFD Inducaao Brasil Ltd	Sao Paolo	Brazil	100,0%	100,0%
EFD Induction Oil & Gas Service	Pinang	Malaysia	100,0%	100,0%
EFD Induction Sdn. Bhd.	Selangor	Malaysia		
EFD Induction S de R.L	Queretaro	Mexico	100,0%	100,0%
<b>Subsidiaries in Tekna Holding ASA</b>				
Subsidiaries in Tekna Holdings Canada Inc.	Sherbrooke	Canada	96,4%	96,4%
Tekna Plasma Systems Inc.	Sherbrooke	Canada	100,0%	100,0%
Tekna Advanced Materials Inc.	Sherbrooke	Canada	100,0%	100,0%
Tekna Plasma Europe S.A.S.	Mâcon	France	100,0%	100,0%
Tekna Plasma Systems(Suzhou)Co Ltd.	Suzhou	China	100,0%	100,0%
Tekna Plasma India Private Ltd.	Chennai	India	100,0%	100,0%
Tekna Plasma Korea Co, Ltd	Incheon	South Korea	100,0%	100,0%
Tekna Inc	Delawere	USA	100,0%	100,0%
<b>Subsidiaries in Alytic AS</b>				
Kontali Holding AS	Arendal	Norway	100,0%	100,0%
Kontali Analyse AS	Kristiansund	Norway	75,1%	75,1%
Seafood TIP	Utrecht	Netherlands	100,0%	100,0%
Utel Holding AS	Arendal	Norway	100,0%	100,0%
Utel Systems AS	Grimstad	Norway	94,2%	91,8%
Veyt Holding AS	Arendal	Norway	100,0%	100,0%
Veyt AS	Oslo	Norway	61,6%	60,0%
Greenfact GmbH	Berlin	Germany	100,0%	100,0%

## SUBSIDIARIES

			Shareholding	
			2023	2022
Greenfact Ltd	London	UK	100,0%	100,0%
Factlines Holding AS	Oslo	Norway	100,0%	100,0%
Factlines AS	Oslo	Norway	66,7%	62,5%
Alytic Blue AS	Oslo	Norway	100,0%	100,0%
<b>Subsidiaries in AFK Property AS</b>				
Vindholmen Eiendom AS	Arendal	Norway	100,0%	100,0%
Bedriftsveien 17 AS	Arendal	Norway	100,0%	100,0%
Bøleveien 4 AS	Skien	Norway	100,0%	100,0%
Steinodden Eiendom AS	Arendal	Norway	77,6%	77,6%
Arendal Lufthavn Gullknapp AS	Arendal	Norway	92,3%	92,1%
Gullknapp Invest AS	Arendal	Norway	100,0%	100,0%
Longum Property AS	Arendal	Norway	100,0%	100,0%
AFK Longum Invest AS	Arendal	Norway	100,0%	100,0%
Bryggebyen Folkebad AS	Arendal	Norway	100,0%	100,0%
Folkebad Drift AS	Arendal	Norway	100,0%	
Bøylestad Energipark AS	Froland	Norway	100,0%	100,0%
Vergia Property AS	Arendal	Norway	100,0%	100,0%
<b>Subsidiaries in Vergia AS</b>				
Vergia green Fuels AS	Arendal	Norway	100,0%	100,0%
Vergia green system solutions AS	Arendal	Norway	100,0%	100,0%
Vergia Wind AS	Arendal	Norway	100,0%	100,0%
Vergia Solar AS	Arendal	Norway	100,0%	100,0%
<b>Subsidiaries in Vergia Hydropower AS</b>				
Vergia Hydropower AS	Arendal	Norway	100,0%	100,0%
Kilandsfoss AS	Froland	Norway	100,0%	100,0%
Glomsdam Kraftverk AS	Vinje	Norway	100,0%	100,0%
<b>Subsidiaries in Ampwell AS</b>				
AFK Storage 3 AS	Arendal	Norway	100,0%	100,0%
Collect Holding AS	Arendal	Norway	100,0%	100,0%
Collect Energy SL	Barcelona	Spain	61,0%	
Commeo Holding AS	Arendal	Norway	100,0%	100,0%
Commeo Holding GmbH	Osnabruck	Germany	55,0%	
Commeo GmbH	Osnabruck	Germany	55,0%	55,0%
Commeo Property GmbH	Osnabruck	Germany	55,0%	
Commeo Software GmbH	Osnabruck	Germany	55,0%	
AFK Storage 3 AS	Arendal	Norway	100,0%	100,0%
<b>Subsidiaries in AFK Tyskland Holding AS</b>				
Arendals Fossekompagni Deutschland GmbH	Berlin	Germany	100,0%	100,0%

## INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(1 000 NOK)

The Group has the following investments in joint ventures. All businesses are organized as companies with limited liability corresponding to Norwegian corporations. Guidelines for the operation of companies are based on shareholder agreements. According to the shareholder agreements it is required unanimity between the parties for making decisions about relevant activities. Accordingly, participants in the companies have joint control over the activities. The Group's responsibility as a participant in Imphytec Powders SAS, Seagust AS and North Ammonia AS is limited to the capital contribution, and the return equals the Group's share of profit. Thus, the group as a participant is entitled to the arrangements net assets.

In the consolidated group accounts the investments in joint ventures and associates are accounted for in accordance with the equity method.

In the company accounts the investments in joint ventures and associates are accounted for based on historic cost.

Entity	Country		Ownership interest
Imphytec Powders SAS	France	Production of powders	48,00%
North Ammonia AS	Norway	Green ammonia	50,00%
Seagust AS	Norway	Offshore wind	47,50%
Hydepoint AS	Norway	Hydrogen	33,33%
Kilandsfoss AS	Norway	Hydro powerplant	33,33%
Glomsdam Kraftverk AS	Norway	Hydro powerplant	50,00%
Aero-Satcom Ltd	UK	Telecom	50,00%

Based on an overall assessment where the size and complexity is taken into consideration these investments are considered to be significant joint ventures. Further information regarding these companies is disclosed below.

	NorSun	North Ammonia	Seagust	Hyde-point	Collect Energy	Kilands-foss	Glomsdam Kraftverk	Aero-Satcom	Imphytec Powders	Total
<b>Balance at 1 January 2022</b>		4 018	3 649						9 256	16 922
Income from associates	-16 189	-2 370	-4 986	-3 183	-2 100	-110	-317		-11 149	-40 405
Aquisitions through business combinations	33 095				1 350		-122		4 566	38 889
Investment/disposal of companies and businesses							-4			-4
Issue of shares from non-controlling interests			14 725	2 841	2 147	153	500			20 366
FX differences on foreign operations					2				1 546	1 548
<b>Balance at 31 December 2022</b>	16 906	1 647	13 388	-342	1 399	43	57		4 219	37 317
<b>Balance at 1 January 2023</b>	16 906	1 647	13 388	-342	1 399	43	57		4 219	37 317
Income from associates	-9 577	-2 679	-11 230	-2 619	-996	-26	-457	958	-4 755	-31 382
Aquisitions through business combinations					-362			6 151		5 789
Investment/disposal of companies and businesses	-8 934				28					-8 906
Issue of shares from non-controlling interests	1 605	5 075				10 099	250			17 029
FX differences on foreign operations					-68				537	469
<b>Balance at 31 December 2023</b>		4 043	2 158	-2 961		10 116	-150	7 109		20 315

None of the companies have observable market values in form of market price or similar.

#### NOTE 12 OTHER RECEIVABLES

(1 000 NOK)

	Group		Parent Company	
	2023	2022	2023	2022
<b>Long-term investments</b>				
Loans to employees	34 231	32 090	2 283	1 663
Contributions to company pension plan	22 001	22 002	22 001	22 002
Natural resource tax receivable		42 334		42 334
Other non-current receivables	79 650	32 685	30 359	20 572
Shares in other companies	88 283	80 543	77 275	80 440
Other investments	41 571	54 043	1 999	3 598
<b>Total long-term investments</b>	<b>265 736</b>	<b>263 696</b>	<b>133 917</b>	<b>170 609</b>

#### SECURITY PROVIDED FOR LOANS TO EMPLOYEES

All loans to employees incur interest at a rate that never triggers a taxable benefit. The loans are repaid over 5 years (vehicles) or 20 years (housing). Loans exceeding NOK 200,000 are secured by mortgages on property or shares.

#### NOTE 13 INVENTORIES AND CONTRACTS WITH CUSTOMERS

(1 000 NOK)

Inventories	Group	
	2023	2022
Raw materials	429 378	324 986
Work in progress	479 871	253 030
Spare parts	46 653	46 778
Finished goods	324 321	220 679
<b>Total inventories (net after provision for obsolescence)</b>	<b>1 280 223</b>	<b>845 472</b>
Provision for obsolescence	99 885	94 174

The provision for obsolescence in 2023 is mainly related to slow-moving items in ENRX (NOK 55 million), spare parts in NSSL (NOK 8 million) and off-size powders in Tekna (NOK 36 million).

Contracts with at-delivery billing	Group	
	2023	2022
Contract assets	182 239	136 970
Contract liabilities	239 890	233 496
<b>Net contract assets / - liabilities</b>	<b>-57 651</b>	<b>-96 526</b>

Contract liabilities consist of prepayments from customers for both revenue over time and point in time.

#### CONSTRUCTION CONTRACTS (SALES OVER TIME)

The subsidiaries ENRX, Tekna, NSSL and Volve recognise construction contracts in accordance with percentage of completion method. Changes during the year are due to most contracts having a duration less than a year. At year-end these subsidiaries had the following carrying amounts associated with construction contracts and projects in progress:

	Group	
	2023	2022
<b>Booked income from uncompleted contracts per 31.12</b>		
Booked accrued income per 31.12	374 894	244 349
Booked accrued expenses per 31.12	-219 136	-204 675
<b>Reported margin per 31.12</b>	<b>155 758</b>	<b>39 673</b>
Remaining income from sales over time contracts	Group	
	2023	2022
Within one year	320 352	326 218
Between one and two years	994	
<b>Remaining income (sales over time)</b>	<b>321 347</b>	<b>326 218</b>

**Contract Assets**

Posted gross value of contract assets are distributed as follows:

Receivables	2023	2022
Volue Group	58 536	54 181
ENRX Group	93 721	81 570
Tekna Group	29 982	1 219
<b>Sum</b>	<b>182 239</b>	<b>136 970</b>

Provisions for expected losses on projects are distributed as follows:

Onerous contracts	2023	2022
Volue	13 500	16 963
<b>Sum</b>	<b>13 500</b>	<b>16 963</b>

Provisions are calculated based on historical losses and individual assessment of each item and customer  
Changes in the period's provisions are explained as follows:

	Group	
Onerous contracts	2023	2022
<b>Total Opening Balance</b>	<b>16 963</b>	<b>31 118</b>
Changes in expected losses (loss rates) and outstanding receivables (volume)	1 876	4 145
Realized losses during the period (-)	-5 339	-18 300
Exchange differences on translation of foreign operations		
<b>Closing Balance</b>	<b>13 500</b>	<b>16 963</b>

**NOTE 14 TRADE AND OTHER RECEIVABLES**

(1 000 NOK)

	Group		Parent Company	
	2023	2022	2023	2022
<b>Accounts receivables</b>				
Trade accounts receivables	1 104 165	950 095	2 328	822
Loss allowance (Note 16)	-59 742	-23 971		
Trade accounts receivable, IC			19 799	30 412
<b>Total</b>	<b>1 044 423</b>	<b>926 124</b>	<b>22 127</b>	<b>31 233</b>
<b>Other receivables</b>				
Current interest-bearing receivable, IC	-23		217 777	466 123
Dividends and group contribution receivable, IC				9 462
Other current receivables	249 670	261 635	3 246	1 478
<b>Total</b>	<b>249 623</b>	<b>261 635</b>	<b>221 022</b>	<b>477 062</b>
Advances paid to suppliers	88 375	22 876		
Accrued revenues at the point in time	18 782	7 495		
<b>Total</b>	<b>107 156</b>	<b>30 371</b>		

**NOTE 15 CASH AND CASH EQUIVALENTS**

(1 000 NOK)

	Group		Parent Company	
	2023	2022	2023	2022
<b>Cash and cash equivalents</b>	<b>1 928 652</b>	<b>2 212 495</b>	<b>1 064 083</b>	<b>1 160 349</b>
<b>Here of restricted cash</b>	<b>35 357</b>	<b>39 277</b>	<b>2 543</b>	<b>2 993</b>

For 2022 restricted cash tNOK 127.984 related to trading, which is a part of Volue. Market services AS' business, is included in total cash and cash equivalents. From 2023 restricted cash related to trading are reported as other receivables. Numbers for 2022 are reclassified.

**NOTE 16 FINANCIAL RISK MANAGEMENT / FINANCIAL INSTRUMENTS**

(1 000 NOK)

The breakdown of the parent company's financial assets is as follows:

	Number of shares		Shareholding in%		Fair value	
Financial assets at fair value through OCI	2023	2022	2023	2022	2023	2022
Listed shares						
Kongsberg Gruppen	25 812	25 812	0,01%	0,01%	11 922	10 727
Spotlio	423 167	423 167	0,21%	0,48%	106	199
Norse Atlantic	320 625	450 000	0,26%	0,22%	3 880	905
<b>Total listed shares</b>					<b>15 907</b>	<b>11 831</b>
<b>Financial assets at fair value through OCI</b>					<b>15 907</b>	<b>11 831</b>

Fair value – change during the year:

Financial assets at fair value through OCI	2023	2022
Balance at 1 January	11 830	15 227
Change in financial assets at fair value through OCI	2 088	-3 311
Proceed from sale of financial assets at fair value	-93	-85
Purchase of financial assets at fair value	2 081	
<b>Balance at 31 December</b>	<b>15 907</b>	<b>11 830</b>

The following dividend is received: Kongsberg Gruppen tNOK 217 (tNOK 310). Change in assets at fair value are based on changes in the market values of listed shares. A sensitivity analysis indicates that a 10% change in fair value as at 31 December 2023 would change equity by tNOK 1.600 and profit for the year from continuing operations by tNOK 0 (2022: by tNOK 1.183 and tNOK 0 respectively).

**FINANCIAL RISK MANAGEMENT**

The company and the Group are exposed to credit risk, liquidity risk from the use of financial instruments and market risk. The Board of Directors has overall responsibility for establishing and supervision of the Group's guidelines on risk management. Principles, procedures and systems for risk management in the key areas are reviewed and assessed regularly. Industrial investments consist of a limited number of large investments. The investment strategy is based on the premise that long-term, active engagement provides the greatest return. Other investments are in liquid deposits with no connection to the Group.

## CREDIT RISK

Credit risk is the risk of financial losses if a customer or counterparty to a financial instrument is unable to fulfil their obligations. Credit risk normally arises when the company or Group extends credit to customers or invests in securities. Credit risk associated with investments is considered to be limited since investments are mainly made in liquid securities with a good creditworthiness. A specification of the investments is given earlier in this note. The Group has routines to ensure that credit is only extended for sales to customers that have had no previous payment issues and that stay within their credit limit.

The maximum exposure to credit risk associated with receivables at the balance sheet date was:

	Group		Parent Company	
	2023	2022	2023	2022
Total receivables	1 405 772	1 229 195	243 149	508 296
Account receivables	1 104 165	950 071	2 328	822
Loss allowance	59 743	23 971		

### Trade receivables

Breakdown of the book value of outstanding trade receivables in:

Account receivables 2023	Overdue					Accounts receivable
	Not due	1-30 days	31-60 days	61-90 days	More than 90 days	
Arendals Fossekompni ASA	2 283				45	2 328
Volue Group	267 519	84 153	13 387	17 085	11 286	393 430
ENRX Group	302 182	54 533	31 409	9 330	49 197	446 650
NSSL Global Group	114 625	15 563	13 611	4 938	19 663	168 400
Tekna Group	26 662	8 901	10 256	2 732	27 685	76 235
AFK Property Group	408	700			93	1 201
Alytic Group	1 493	2 489	1 793	658	1 247	7 680
Vergia Group	168					168
Ampwell Group	4 506	753	1 542	1 194	46	8 042
AFK Tyskland Group	32					32
<b>Total</b>	<b>719 877</b>	<b>167 091</b>	<b>71 999</b>	<b>35 937</b>	<b>109 261</b>	<b>1 104 166</b>

The company has applied impairment losses for expected credit losses as follows:

Loss allowance 2023	Overdue					Loss allowance
	Not due	1-30 days	31-60 days	61-90 days	More than 90 days	
Volue Group		1 125	1 775	2 591	2 857	8 347
ENRX Group	946	91	197	24	9 212	10 469
NSSL Global Group	144	910	97	147	7 676	8 974
Tekna Group					31 283	31 283
Alytic Group			270			270
<b>Total</b>	<b>1 091</b>	<b>2 125</b>	<b>2 338</b>	<b>2 761</b>	<b>51 428</b>	<b>59 743</b>

Expected credit losses (ECL) are measured based on a credit risk assessment on a customer by customer basis, using all available information and updated when appropriate. Credit losses for 2023 and 2022 have been minor.

Changes in the period's loss allowance are explained as follows:

Loss allowance	Group	Group
	2023	2022
Total Opening Balance	23 971	19 999
Changes in expected losses (loss rates) and outstanding receivables (volume)	39 935	4 527
Realized losses during the period (-)	-2 997	-1 088
Exchange differences on translation of foreign operations	-1 167	533
<b>Closing Balance</b>	<b>59 743</b>	<b>23 971</b>

Breakdown of the book value of outstanding trade receivables in:

Account receivables 2022	Overdue					Accounts receivable
	Not due	1-30 days	31-60 days	61-90 days	More than 90 days	
Arendals Fossekompni ASA	789				32	822
Volue Group	342 652	41 013	3 313	2 890	5 405	395 272
ENRX Group	240 057	45 521	11 894	5 663	47 253	350 389
NSSL Global Group	90 088	30 358	8 281	7 090	7 096	142 913
Tekna Group	16 574	8 869	6 068	3 375	6 437	41 322
AFK Property Group	966	982	27	27	36	2 037
Alytic Group	4 133	674	827	540	532	6 705
Ampwell Group	10 600					10 600
AFK Tyskland Group	12					12
<b>Total</b>	<b>705 869</b>	<b>127 418</b>	<b>30 409</b>	<b>19 585</b>	<b>66 791</b>	<b>950 071</b>

The company has applied impairment losses for expected credit losses as follows:

Loss allowance 2022	Overdue					Loss allowance
	Not due	1-30 days	31-60 days	61-90 days	More than 90 days	
Volue Group	41	64	614	1 719	1 971	4 409
ENRX Group	515	304	27	11	8 934	9 791
NSSL Global Group					9 419	9 419
Tekna Group					302	302
Alytic Group			50			50
<b>Total</b>	<b>556</b>	<b>368</b>	<b>691</b>	<b>1 730</b>	<b>20 627</b>	<b>23 971</b>

## LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to fulfil its financial obligations as they fall due. The aim of liquidity management is to secure sufficient liquidity to fulfil the obligations as they fall due, without this causing unacceptable losses to the company and the Group. Cash flow from the company and the Group's ordinary operations, combined with significant investments in liquid securities as well as unutilised credit facilities mean that the liquidity risk is considered to be low. Subsidiaries ENRX, NSSLGlobal and Volue have established an group account arrangement covering most of the subsidiaries. This includes currencies NOK, EURO, USD, JPY, SEK, DKK og GBP. This helps increase the flexibility and efficiency of liquidity management

The breakdown of the liabilities of the company and the Group is as follows:

(Contractual cash flows include interest calculated based on interest rates at the balance sheet date)  
(Contractual cash flows of the bond loans that have maturity of 12 months or less are related to interest payments)

Group 2023	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Accounts payable	512 917	512 917	512 917				
Current interest-bearing debt	234 715	238 411	233 619	4 792			
Bank overdraft	168 745	181 646	47 968	133 678			
Current lease liabilities	65 762	73 372	38 117	34 679		241	
<b>Total current liabilities</b>	<b>982 140</b>	<b>1 006 347</b>	<b>832 621</b>	<b>173 149</b>		<b>241</b>	
Non-current bond loans	498 042	555 569		13 075	13 075	529 419	
Non-current interest-bearing debt	1 745 430	2 004 849	38 601	37 493	68 034	786 019	1 074 701
Non-current lease liabilities	226 537	296 663			77 791	120 890	97 982
<b>Total non-current liabilities</b>	<b>2 470 010</b>	<b>2 857 081</b>	<b>38 602</b>	<b>50 569</b>	<b>158 899</b>	<b>1 436 329</b>	<b>1 172 683</b>
<b>Group 2022</b>							
Accounts payable	969 613	969 456	969 044	412			
Current interest-bearing debt	170 841	174 981	161 730	13 251			
Bank overdraft	110 869	113 123	18 738	94 385			4 390
Current lease liabilities	58 453	60 431	29 031	31 401	1 812	1 406	
<b>Total current liabilities</b>	<b>1 309 776</b>	<b>1 317 991</b>	<b>1 178 542</b>	<b>139 449</b>			
Non-current bond loans	497 581	569 733		13 075	13 075	39 225	504 358
Non-current interest-bearing debt	353 067	435 834	8 549	11 174	86 652	88 418	241 041
Non-current lease liabilities	203 076	209 065			62 373	74 504	72 187
<b>Total non-current liabilities</b>	<b>1 053 724</b>	<b>1 214 632</b>	<b>8 549</b>	<b>24 249</b>	<b>162 100</b>	<b>202 147</b>	<b>817 586</b>
<b>Parent Company 2023</b>							
Accounts payable	11 852	11 852	11 852				
Current interest-bearing liab, IC	36 416	36 416		36 416			
Current lease liabilities	2 293	5 360	2 680	2 680			
<b>Total current liabilities</b>	<b>55 160</b>	<b>58 227</b>	<b>19 132</b>	<b>39 096</b>			
Non-current bond loans	498 042	555 569		13 075	13 075	529 419	
Non-current interest-bearing debt	964 324	1 130 653	27 722	27 722	27 722	83 165	964 324
Non-current lease liabilities	57 965	78 314			4 898	14 328	59 088
<b>Total non-current liabilities</b>	<b>1 520 331</b>	<b>1 764 536</b>	<b>27 722</b>	<b>40 797</b>	<b>45 695</b>	<b>626 912</b>	<b>1 023 412</b>
<b>Parent Company 2022</b>							
Accounts payable	12 105	12 105	12 105				
Current interest-bearing liab, IC	17 185	17 185		17 185			
Current lease liabilities	2 300	5 360	2 680	2 680			
<b>Total current liabilities</b>	<b>31 590</b>	<b>34 651</b>	<b>14 785</b>	<b>19 865</b>			
Non-current bond loans	497 581	569 733		13 075	13 075	39 225	504 358
Non-current lease liabilities	60 258	83 568			5 254	14 694	63 620
<b>Total non-current liabilities</b>	<b>711 146</b>	<b>831 137</b>	<b>2 453</b>	<b>15 528</b>	<b>23 235</b>	<b>68 637</b>	<b>721 285</b>

For other receivables and payables measured at amortised cost the book value is assumed to equal the fair value. For contractual cash flows related to derivatives we refer to hedge accounting further below.

#### MARKET RISK

Market risk is the risk that changes in market prices such as exchange rates, interest rates and share prices will impact net income or the value of financial instruments.

#### FOREIGN EXCHANGE RISK

The company and the Group are exposed to foreign exchange risk on purchases, sales and loans in currencies other than the companies' functional currency. The Group's main exposure is to EUR, GBP and USD. The foreign exchange exposure is primarily associated with operations in the Group's foreign subsidiaries and with the company's and the Group's liabilities in foreign currency. The ENRX subgroup uses derivatives to limit foreign exchange risk associated with sales and trade receivables. The parent company and ENRX also use foreign currency loans and currency swaps to limit foreign exchange risk associated with changes in value in the subsidiaries. The main foreign currency exposure in the parent company and the Group's Norwegian subsidiaries is to EUR.

Exposure at 31 December was as follows (1 000 EUR)

	Group		Parent Company	
	2023	2022	2023	2022
Bank deposits	9 408	12 814		153
Trade receivables	31 468	26 641		78
Trade payables	-3 457	-2 170	-164	-40
Interest-bearing liabilities	-20 905	-14 299		
<b>Balance sheet exposure (foreign exchange risk)</b>	<b>16 514</b>	<b>22 986</b>	<b>-164</b>	<b>191</b>

A sensitivity analysis indicates that a 5% appreciation of NOK against EUR as at the year-end would impact earnings for the Group in 2023 by the equivalent of MEUR -0,8 and in 2022 by the equivalent of MEUR -1.2. The amounts are stated before taxes. Other subsidiaries have only modest exposure to currencies other than the company's functional currency.

#### HEDGE ACCOUNTING

The derivative financial assets are all net settled. Therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position. The customer payments in foreign currencies in order backlog is hedged according to NOK according to strategy. Cash flow hedge accounting is generally applied to qualifying foreign currency hedges. Under the ENRX hedge accounting model, the portion of the fair value change related to a change in the spot rate is recognised in the fair value reserve within equity until the cumulative profit or loss is recycled to the statement of income simultaneously with the hedge item. There is no inefficiency in the hedging - see Note 7 Financial items.

At year-end the companies had the following forward currency contracts specified as hedging (1 000 NOK)

	Contract value	Unrealised gains/losses
<b>2023</b>		
Hedging of future cash flows	62 493	885
Fair value hedging		
<b>Balance sheet exposure (hedging)</b>	<b>62 493</b>	<b>885</b>
<b>2022</b>		
Hedging of future cash flows	202 708	1 869
Fair value hedging		
<b>Balance sheet exposure (hedging)</b>	<b>202 708</b>	<b>1 869</b>

Unrealised gains/losses relating to hedging of future cash flows are recognised in "Other comprehensive income". The unrealised loss shown in the table is the value before deducting tax. Net unrealised losses/gains are recognised as other current liabilities/assets.

Nominal value, carrying amount and maturity of forward currency contracts:

Currency				Nominal amount (currency)	Carrying amount (1 000 NOK)
	2024	2025	2026		
EUR	8 611	1 961		10 573	-566
USD	8 050			8 050	1 197
JPY	14 000			14 000	29
GBP	425			425	225
<b>Total</b>					<b>885</b>

Change in carrying amount in the period:	2023	2022
Balance at 1 January		7 012
Changes in value posted as OCI	-5 535	8 582
Reclassifies from equity to income statement	4 551	-13 725
<b>Balance at 31 December</b>	<b>885</b>	<b>1 869</b>
Asset		11 065
Liabilities		9 196
<b>Total</b>	<b>885</b>	<b>1 869</b>

### INTEREST RATE RISK

Most of the company's and the Group's interest-bearing financial assets and liabilities accrue interest at variable rates. In 2021 the parent company took out a bond of MNOK 500 at an fixed interest rate of 2,615%. An overview of interest-bearing assets can be found earlier in this note and of liabilities in Note 17. A 1% change in interest rates would affect earnings, and profit and financial items through the year, by a net amount of around NOK -1,8 million. The amount is stated before taxes.

### PRICE RISK FOR ENERGY SALES

Most of the company's and the Group's energy sales take place in the spot market, which means there is exposure to risk associated with price fluctuations. In the past two years no energy derivatives have been used as hedging instruments to limit the risk.

### MARKET RISK RELATING TO SECURITIES

The company and the Group are exposed to price risk on investments in equity instruments classified as financial assets at fair value through OCI and financial assets at fair value through income statement. All decisions on significant purchases and sales are made by the Board of Directors. The main objective of the investment strategy is to maximise the return through ongoing dividends and increases in the value of the portfolio. An overview of the company's financial assets is given earlier in this note.

	Group				Parent Company			
	2023		2022		2023		2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Liabilities</b>								
Bond loans	498 042	457 800	497 042	450 000	498 042	457 800	497 042	449 461
<b>Unrecognized income between book- and fair value</b>		<b>-40 232</b>		<b>-47 581</b>		<b>-40 242</b>		<b>-47 581</b>

## Fair value categories financial assets and liabilities

	Group				Parent Company			
	Fair value through income	Fair value through OCI	Amort. cost	Sum	Fair value through income	Fair value through OCI	Amort. cost	Sum
<b>2023</b>								
<b>Carrying amount financial assets</b>								
Trade and other receivables			1 294 088	1 294 088			25 373	25 373
Cash and cash equivalents			1 928 652	1 928 652			1 064 083	1 064 083
Financial assets at fair value through OCI		15 907		15 907		15 907		15 907
Financial assets at fair value through income statement	88 283			88 283	77 275			77 275
Loans to Group companies							1 602 210	1 602 210
Derivatives	4 545			4 545				
<b>Sum</b>	<b>92 829</b>	<b>15 907</b>	<b>3 222 740</b>	<b>3 331 475</b>	<b>77 275</b>	<b>15 907</b>	<b>2 691 666</b>	<b>2 784 848</b>
<b>Carrying amount financial liabilities</b>								
Derivative liabilities	3 660			3 660				
Interest-bearing loans and borrowings			2 179 669	2 179 669			964 324	964 324
Bond loans			498 042	498 042			498 042	498 042
Trade and other payables			512 917	512 917			11 852	11 852
Liabilities to Group companies							36 416	36 416
<b>Sum</b>	<b>3 660</b>		<b>3 190 627</b>	<b>3 194 288</b>			<b>1 510 634</b>	<b>1 510 634</b>
<b>2022</b>								
<b>Carrying amount financial assets</b>								
Trade and other receivables			1 187 781	1 187 781			32 711	32 711
Cash and cash equivalents			2 339 664	2 339 664			1 160 349	1 160 349
Financial assets at fair value through OCI		11 830		11 830		11 830		11 830
Financial assets at fair value through income statement	80 543			80 543	80 440			80 440
Loans to Group companies							786 851	786 851
Derivatives	11 065			11 065				
<b>Sum</b>	<b>91 608</b>	<b>11 830</b>	<b>3 527 445</b>	<b>3 630 883</b>	<b>80 440</b>	<b>11 830</b>	<b>1 979 911</b>	<b>2 072 182</b>
<b>Carrying amount financial liabilities</b>								
Derivative liabilities	9 196			9 196				
Interest-bearing loans and borrowings			666 856	666 856			153 846	153 846
Bond loans			497 042	497 042			497 042	497 042
Trade and other payables			969 613	969 613			12 105	12 105
Liabilities to Group companies							17 185	17 185
<b>Sum</b>	<b>9 196</b>		<b>2 133 511</b>	<b>2 142 707</b>			<b>680 179</b>	<b>680 179</b>

## FAIR VALUE HIERARCHY

The table below analyses financial instruments measured at fair value according to valuation method.

The different levels are defined as follows:

- **Level 1:** Fair value is measured using listed prices from active markets for identical financial instruments. No adjustment is made to these prices.
- **Level 2:** Fair value is measured using other observable inputs than those used at level 1, either directly (prices) or indirectly (derived from prices).
- **Level 3:** Fair value is measured using inputs that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Sum
<b>2023</b>				
Financial assets at fair value through OCI		15 907		15 907
Financial assets at fair value through income statement			88 283	88 283
Bond loans		-457 800		-457 800
<b>Total</b>		<b>-441 893</b>	<b>88 283</b>	<b>-353 609</b>
Other derivative financial assets		4 545		4 545
Other derivative financial liabilities		-3 660		-3 660
<b>Grand Total</b>		<b>-441 008</b>	<b>88 283</b>	<b>-352 724</b>
<b>2022</b>				
Financial assets at fair value through OCI		11 831		11 831
Financial assets at fair value through income statement			80 543	80 543
Bond loans		-450 000		-450 000
<b>Total</b>		<b>-438 169</b>	<b>80 543</b>	<b>-357 626</b>
Other derivative financial assets		11 065		11 065
Interest and currency swaps related to bond loans				
Other derivative financial liabilities		-9 196		-9 196
<b>Grand Total</b>		<b>-436 300</b>	<b>80 543</b>	<b>-355 757</b>

The fair value of the Bond loan is determined by using the indexed tax validation rules at year-end. The index is publicly available.

## NOTE 17 INTEREST-BEARING DEBT AND PROVISIONS

(1 000 NOK)

This note provides information on the contractual terms of the Group's interest-bearing loans and borrowings. For more information on the Group's interest rate risk and foreign exchange risk see Note 16.

		Group / Parent			
		2023	2022		
<b>Bond loans</b>					
2,516% 2021 - 2028		500 000	500 000		
Capitalised loan costs		-1 958	-2 419		
<b>Bond loans - booked value</b>		<b>498 042</b>	<b>497 581</b>		
Fair value (ref note 16)		457 800	450 000		
		Parent Company			
		2023	2022		
<b>Debenture loans</b>					
Euribor + fixed margin	Floating interest	968 474	157 707		
Capitalised loan costs		-4 150	-4 400		
<b>Total debenture loans parent company</b>		<b>964 324</b>	<b>153 307</b>		
		Subsidiaries			
		2023	2022		
Volue Group	Floating interest	342 023			
Tekna Group	Fixed interest rate	8 255	4 698		
Tekna Group	Debenture loans	23 083	37 882		
ENRX Group	Floating interest	282 183	139 994		
AFK Property Group	Floating interest	316 628	135 651		
Alytic AS	Floating interest	10 946	3 232		
Ampwell Consolidated	Floating interest	32 718	49 144		
<b>Total Debenture loans Subsidiaries</b>		<b>1 015 836</b>	<b>370 601</b>		
<b>Total Debenture loans Group</b>		<b>1 980 160</b>	<b>523 908</b>		
		Group		Parent Company	
		2023	2022	2023	2022
<b>Loans secured by pledged assets</b>					
Non-current interest-bearing debt					
Bank overdraft		86 973	30 932		
<b>Total</b>		<b>544 312</b>	<b>179 733</b>		
<b>Loans are secured by the following pledged assets</b>					
Buildings and land		219 036	175 832		
Vehicles, machinery and equipment		202 067	140 930		
Inventories		370 041	435 132		
Trade receivables		275 177	422 474		
<b>Total security</b>		<b>1 066 322</b>	<b>1 174 367</b>		

Security for promissory note and bond loans with a countervalue of MNOK 500 taken out in the parent company has been given in the form of negative pledges. Trade receivables in two of the subsidiaries have been pledged as security for bank guarantees and overdrafts given. For the Group the value-adjusted equity must be at least 40% and have a value of at least MNOK 1 500.

For Volue the equity ratio must be at least 30% and total net debt to Adjusted EBITDA below 2,5:1. For ENRX the equity must be at least 30%, and cash reserve > MEUR 5. Tekna have some covenants connected to operational activities, but none financial covenants. All the companies are in compliance with the requirements of their covenants at 31 December 2023.

## NOTE 18 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(1 000 NOK)

		Group		Parent Company	
		2023	2022	2023	2022
Trade payables		485 561	690 510	10 527	11 036
Other payables		27 356	279 103		
Trade acc payable, IC				1 324	1 069
<b>Account Payables</b>		<b>512 917</b>	<b>969 613</b>	<b>11 852</b>	<b>12 105</b>

## Specification of Provisions

	Total Opening Balance	Opening balance input (YE)	Changes in expected losses (loss rates) and outstanding receivables (volume)	Realized losses during the period (-)	Total Effect from Foreign Exchange	Closing Balance
<b>Group 2022</b>						
Restructuring	4 339		39 385	-5 072	1 616	40 268
Earn-out	57 253				3 178	60 431
Guarantees						
Other provisions						
Onerous contracts	31 118		4 145	-18 300		16 963
<b>Total provisions</b>	<b>92 710</b>		<b>43 530</b>	<b>-23 372</b>	<b>4 794</b>	<b>117 662</b>
<b>Group 2023</b>						
Restructuring	40 268			-37 085	3 368	6 551
Earn-out	60 431			-60 431		
Guarantees			3 603	-88	170	3 684
Other provisions			33 969	-1 230	214	32 953
Onerous contracts	16 963		1 876	-5 339		13 500
<b>Total provisions</b>	<b>117 662</b>		<b>39 448</b>	<b>-104 173</b>	<b>3 752</b>	<b>56 688</b>

A restructuring provision is recognised when the group has prepared a detailed restructuring plan and started the implementation of the plan or communicated the plan. A restructuring plan shall include the following information: which business is affected; the main units and personnel affected by the restructuring; as well as the costs to be incurred and the timetable of the plan. The restructuring provision (severance pay) is related to the ENRX segment business in Germany, and the part of the business which has been unprofitable for a longer period. Following the restructuring, it is anticipated that the business unit will deliver positive results. A restructuring provision related to severance pay is booked as other operating expenses.

## Specification of Provisions

Parent Company 2022	Total Opening Balance	Opening balance input (YE)	Changes in expected losses (loss rates) and outstanding receivables (volume)	Realized losses during the period (-)	Total Effect from Foreign Exchange	Closing Balance
Restructuring	-	-	-	-	-	-
Earn-out	-	-	-	-	-	-
Guarantees	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-
Onerous contracts	-	-	-	-	-	-
<b>Total provisions</b>	-	-	-	-	-	-

Parent Company 2023				
Restructuring				
Earn-out				
Guarantees				
Other provisions			1 600	1 600
Onerous contracts				
<b>Total provisions</b>			<b>1 600</b>	<b>1 600</b>

The provisions of NOK 1.6 million as of 31 December 2023 are mainly related to a guarantee granted by the parent company to purchase ENRX shares from employees at an agreed price within the year 2027 when required.

Summary of Provisions	Group		Parent Company	
	2023	2022	2023	2022
Total Opening Balance	117 662	92 710		
Changes in expected losses (loss rates) and outstanding receivables (volume)	39 448	43 530	1 600	
Realized losses during the period (-)	-104 173	-23 372		
Total Effect from Foreign Exchange	3 752	4 794		
<b>Closing Balance</b>	<b>56 688</b>	<b>117 662</b>	<b>1 600</b>	

Specification of Accruals	Group		Parent Company	
	2023		2023	
Accrued Labor cost / holiday pay	127 080		7 686	
Accrued Bonus	91 015		12 000	
Paid in collaterals	42 407			
Accrued operating cost	276 332		4 680	
Other current liability	275 175			
<b>Total accruals</b>	<b>812 009</b>		<b>24 366</b>	

## NOTE 19 LEASES

(1 000 NOK)

Carrying amount right-of-use assets	Group		Parent Company	
	2023	2022	2023	2022
Buildings	260 696	238 022	58 742	62 236
Vehicles, machinery and equipment	16 629	9 756	168	322
<b>Sum</b>	<b>277 324</b>	<b>247 777</b>	<b>58 910</b>	<b>62 558</b>

Lease liabilities				
Current lease liabilities	65 762	58 454	2 293	2 300
Non-current lease liabilities	226 537	203 076	57 965	60 258
<b>Sum</b>	<b>292 299</b>	<b>261 530</b>	<b>60 258</b>	<b>62 558</b>
<b>Income effects</b>				
Buildings depreciation	71 355	70 355	3 522	3 516
Vehicles, machinery and equipment	7 526	7 132	126	168
<b>Sum depreciation</b>	<b>78 881</b>	<b>77 487</b>	<b>3 648</b>	<b>3 684</b>
Interest expense on lease	11 456	7 526	3 060	740

We refer to note 5 for a specification of the movements of Right-of-Use assets.

## NOTE 20 EVENTS AFTER THE REPORTING PERIOD

On 8 February 2024, the Board of Directors decided to pay an ordinary cash dividend of NOK 1.00 per share for the fourth quarter 2023. The dividend was paid on 21 February 2024.

## NOTE 21 ACCOUNTING ESTIMATES AND ASSESSMENTS

## KEY ACCOUNTING ESTIMATES

Key accounting estimates are estimates that are important for the presentation of the company's and the Group's financial position and earnings, and which require subjective assessment. Arendals Fossekompni assesses such estimates continually based on historical results and experience, consultation with experts, trends, forecasts and other methods considered reasonable in each individual case.

## IMPAIRMENT LOSSES

Goodwill and other intangible assets with an indefinite life are tested for impairment annually. The company's investments in subsidiaries and associates are similarly tested for impairment. The assessments are based on analysis of the company's financial position and forecasts/outlook. Recoverable amounts that are measured against carrying amounts are the expected selling price or the present value of cash flows from the investment. Other assets, including property, plant and equipment and financial instruments available for sale, are tested for impairment when there is an indication that a fall in value may have occurred.

## CONSTRUCTION CONTRACTS

The Group recognises revenue from individual projects in accordance with the percentage of completion method. For such projects the degree of completion is calculated as costs incurred relative to total estimated costs. The greatest uncertainty is associated with measurement of the project's total estimated costs. The group has implemented controls to ensure that accounting for revenue over time reflects management's best estimate with respect to total contract revenue, cost, and if applicable stage of completion. The group uses the stage of completion method to determine the contract revenue recognised over time in the period. The method to determine the stage of completion is costs spent compared to total estimated costs or direct labour spent compared to total estimated direct labour. The estimation uncertainty is primarily related to cost calculation and measurement of progress. When project's remaining costs cannot be reliably estimated, only revenues equal to the accrued project costs will be recognised as revenues.

## NOTE 22 EARNINGS PER SHARE IN NOK

## BASIC EARNINGS PER SHARE/DILUTED

Basic earnings per share are based on profit attributable to the equity holders of the parent and the weighted average number of outstanding ordinary shares during the year, which was 54.832.135 (2022:54.851.441), calculated as follows:

Profit attributable to ordinary shares (1 000 NOK)	2023	2022
Net profit for the year	-29 520	-32 519
Minority interest	-62 110	-38 263
Equity holders of the parent	32 590	5 744
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares, 1 January	55 995 250	55 995 250
Effect of treasury shares	-1 137 911	-1 188 319
Number of outstanding shares as at 31 Dec	54 857 339	54 806 931
Weighted average number of ordinary shares for the year	54 832 135	54 851 441
Basic earnings per share / diluted earnings per share (NOK)	0,59	0,10

## NOTE 23 THE TWENTY LARGEST SHAREHOLDERS

	Number of shares	Shareholding
Ulefoss Invest AS	14 709 875	26,3%
Havfonn AS	14 567 900	26,0%
Must Invest AS	14 106 225	25,2%
Arendals Fossekompni ASA	1 137 911	2,0%
Svanhild og Arne Must Fond	657 225	1,2%
Fabulous AS	453 853	0,8%
Per-Dietrich Johansen	375 375	0,7%
Fondsfinans Pensjonskasse	356 228	0,6%
Fløtemarken AS	323 671	0,6%
Erik Bøhler	280 100	0,5%
Sverre Valvik AS	266 000	0,5%
Bøhler Invest AS	265 000	0,5%
Aksel Oland	237 994	0,4%
Ropern AS	237 478	0,4%
Annelise Altenburg Must	216 675	0,4%
Folketrygdfondet	216 001	0,4%
Ottersland AS	200 000	0,4%
Erik Christian Must	180 000	0,3%
Trine Must	180 000	0,3%
Falck Frås AS	170 000	0,3%
	49 137 511	87,8%

With reference to section 7-26 of the Norwegian Accounting Act the following can be disclosed concerning shares owned by individual Board members and the CEO, including shares owned by spouses, children who are minors or by companies in which the person in question has a controlling interest.

	Own holdings	Related parties	Total
<b>Board of Directors</b>			
Trond Westlie	7 048		7 048
Morten Bergesen		14 567 900	14 567 900
Didrik Vignæs		18 000	18 000
Christian Must	180 000	14 106 225	14 286 225
Lise Lindback			
Anne Grethe Dalane	1 000		1 000
Stine Rolstad Brenna		7 500	7 500
	188 048	28 699 625	28 887 673
<b>Senior Executives</b>			
Benjamin Golding*	16 750		16 750
Lars Peder Fensli *	15 344		15 344
Håkon Tanem	30 047		30 047
Torkil Mogstad *	15 019		15 019
Ingunn Ettestøl*	16 912		16 912
Ann-Kari Heier	14 698		14 698
	108 770		108 770

\* See Note 4 regarding share-based payments.

## NOTE 24

## RELATED PARTIES

The company's/Group's related parties comprise subsidiaries, associates and members of the Board of Directors and senior management team.

## KEY EXECUTIVES

Members of the Board of Directors and the company management and their closest relations control 51,7% of shares with voting rights in the company. Loans to senior executives (see Note 4) amounted to tNOK 11.687 (2022: tNOK 10.922) as at 31 December. These loans are included in "other investments". Interest is charged on loans to senior executives at a rate that never triggers a taxable benefit. In addition to regular salaries, senior executives have agreements on other benefits in the form of a defined-contribution pension scheme and share-based payments. (See Note 4). In 2023, the Chairman has received a fee of tNOK 500 for consultancy services provided by his company Shama AS. (See Note 4).

## RELATED PARTY TRANSACTIONS

Transactions between Group companies and other related parties are based on the principles of market value and arm's length. In 2023 Arendals Fossekompni purchased services relating to market management for tNOK 921 from Volue Market Services (2022: tNOK 866). In 2023 Arendals Fossekompni had a gain on foreign currency loans to Volue Market Services of tNOK 2.020 (2022: gain of tNOK 647). In 2023 Tekna sold goods it had produced to ENRX for tCAD 94 (2022: tCAD 2). Arendals Fossekompni ASA supply AFK Property, Vergia, Ampwell and Alytic with administrative services, all invoiced based market value. Interest is charged on loans from the AFK parent company to companies in the Group in accordance with the agreement entered into.

## NOTE 25 CHANGE IN LOANS AND BORROWINGS

(1 000 NOK)							
	Note	Loans maturing after more than one year		Loans maturing in less than one year		Total interest-bearing liabilities	
		2023	2022	2023	2022	2023	2022
<b>Group</b>							
Total Opening Balance		1 085 804	828 412	340 163	300 888	1 425 967	1 129 301
Cash from new borrowings	CF	1 322 068	268 680			1 322 068	268 680
Repayment of non-current lease liabilities	CF	-44 767	-46 834			-59 603	-46 834
Repayment of long-term borrowings	CF	-117 524	-209 999			-102 688	-209 999
Cash flow from net change in current interest bearing debt	CF			277 552	2 686	277 552	2 686
Change in lease liabilities without cash flow effects	5	83 064	108 309			83 064	108 309
Unspecified movement		676	116 959	2 962	22 651	3 639	139 610
Reclassification		172 496		-172 496			
Total Effect from Foreign Exchange		-1 029	20 277	21 041	13 939	20 011	34 216
<b>Closing Balance</b>		<b>2 500 788</b>	<b>1 085 804</b>	<b>469 222</b>	<b>340 163</b>	<b>2 970 010</b>	<b>1 425 967</b>
<b>Parent Company</b>							
Total Opening Balance		711 146	511 947	2 300	3 897	713 446	515 844
Cash from new borrowings	CF	825 485	147 763			825 485	147 763
Repayment of long-term borrowings	CF	-2 293	-3 958			-2 293	-3 958
Cash flow from net change in current interest bearing debt	CF			-7		-7	
Change in lease liabilities without cash flow effects			48 850		-1 597		47 253
Total Effect from Foreign Exchange		-14 007	6 544			-14 007	6 544
<b>Closing Balance</b>		<b>1 520 331</b>	<b>711 146</b>	<b>2 293</b>	<b>2 300</b>	<b>1 522 624</b>	<b>713 446</b>

	Group	
	2023	2022
Bond	498 042	497 581
Interest-bearing liabilities and credits (long-term)	1 745 430	353 067
Other non-current liabilities	30 778	32 079
Non-current lease liabilities	226 537	203 076
<b>Loans maturing after more than one year</b>	<b>2 500 788</b>	<b>1 085 804</b>
Interest-bearing liabilities and credits (short-term)	403 460	281 709
Current lease liabilities	65 762	58 454
<b>Loans maturing in less than one year</b>	<b>469 222</b>	<b>340 163</b>
<b>Total interest-bearing liabilities</b>	<b>2 970 010</b>	<b>1 425 967</b>

	Parent Company	
	2023	2022
Bond	498 042	497 581
Interest-bearing liabilities and credits (long-term)	964 324	153 307
Non-current lease liabilities	57 965	60 258
<b>Loans maturing after more than one year</b>	<b>1 520 331</b>	<b>711 146</b>
Interest-bearing liabilities and credits (short-term)		
Current lease liabilities	2 293	2 300
<b>Loans maturing in less than one year</b>	<b>2 293</b>	<b>2 300</b>
<b>Total interest-bearing liabilities</b>	<b>1 522 624</b>	<b>713 446</b>

## NOTE 26 CLIMATE-RELATED RISKS

Arendals Fossekompni (AFK) has assessed climate-related risks based on the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and has documented the recommended disclosures and responses in a stand-alone TCFD report. The report covers the company's exposure to climate-related risks, such as physical, regulatory, technology, market and reputational risks, as well as potential opportunities. Related to AFK's investment strategy and the individual portfolio companies' exposure to the green transition, transition risks such as increased regulatory requirements, shifts in market demand and the transition to low-emission technologies have been considered. There is a risk of energy price fluctuations due to variable renewable electricity production, and rising energy prices may increase operational costs. In addition, as regulatory requirements are expanding, carbon tax may affect prices and there is a risk of increased cost following the regulations for non-financial reporting. Technology developed in the portfolio companies is also subject to market and regulatory developments and such potential risks have been reflected in the respective impairment tests of assets. As of 31 December 2023, AFK has not identified any material impacts on financial reporting judgements and estimates due to climate risk.

AFK has ongoing assessments related to climate-related risks, and other internal initiatives to reduce its climate risk exposure. Whilst there is currently no material impact expected from climate change in the medium term, AFK follows developments and will regularly assess its portfolio risk exposure to transitional and physical climate risks.

## NIBD

	AFK Vannkraft		Group Management		Volue		NSSLGlobal Group		ENRX Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Bond			498 042	497 581						
Non-current interest-bearing debt			964 324	153 307	342 008				255 531	618
Interest-bearing current borrowings									26 606	
1 <sup>st</sup> year installm. non-current borrowings									45	139 378
Bond										
Interest and ex rate swap (curr.)										
Non-current lease liabilities			57 965	60 258	105 454	77 492	12 344	11 180	103 222	102 316
Current lease liabilities			2 293	2 300	24 051	18 970	4 860	4 476	32 660	31 295
Bank overdraft					75 570	6 892	7 990	23 697	85 186	80 280
Current and non current liabilities IC			38 779	17 731	49 326	30 574	-149		409 303	363 423
<b>Total liabilities</b>			<b>1561 404</b>	<b>731 177</b>	<b>596 409</b>	<b>133 927</b>	<b>25 046</b>	<b>39 353</b>	<b>912 553</b>	<b>717 308</b>
Cash and cash equivalents			1 064 636	1 160 721	178 328	446 350	371 465	379 586	135 939	158 950
Intercompany loans			1 384 434	320 728						
Current interest-bearing rec., IC			217 777	466 123	36 416	17 185				
Financial assets classified as held for trading										
<b>Total assets</b>			<b>2 666 847</b>	<b>1 947 571</b>	<b>214 744</b>	<b>463 535</b>	<b>371 465</b>	<b>379 586</b>	<b>135 939</b>	<b>158 950</b>
<b>Net interest bearing debt</b>			<b>-1 105 443</b>	<b>-1 216 394</b>	<b>381 665</b>	<b>-329 608</b>	<b>-346 420</b>	<b>-340 233</b>	<b>776 613</b>	<b>558 358</b>

	Tekna Group		AFK Property Group		Alytic Group		Ampwell Group		Vergia Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Bond										
Interest and ex rate swap n-c										
Non-current interest-bearing debt	28 256	29 991	119 647	130 961	2 946	3 232	32 718	34 958		
Interest-bearing current borrowings (inp)		8 717	192 292		8 000			14 185		
1 <sup>st</sup> year installm. non-current borrowings	3 083	3 872	4 689	4 689						
Bond										
Interest and ex rate swap (curr.)										
Non-current lease liabilities	5 934	8 450	104	601	23 633	26 706	1 640	2 923		
Current lease liabilities	4 572	3 345	524	524	135	825	2 975	3 126		
Bank overdraft										
Current and non current liabilities IC	161 072		70 676	35 114	4 710	2 508	876 508	330 523	22 062	23 000
<b>Total liabilities</b>	<b>202 917</b>	<b>54 375</b>	<b>387 931</b>	<b>171 888</b>	<b>39 425</b>	<b>33 272</b>	<b>913 841</b>	<b>385 715</b>	<b>22 062</b>	<b>23 000</b>
Cash and cash equivalents	77 906	82 739	27 232	35 885	35 261	50 887	34 780	6 458	3 033	18 089
Intercompany loans - non current										
Intercompany loans - current			-23	-23						
Financial assets classified as held for trading										
<b>Total assets</b>	<b>77 906</b>	<b>82 739</b>	<b>27 210</b>	<b>35 863</b>	<b>35 261</b>	<b>50 887</b>	<b>34 780</b>	<b>6 458</b>	<b>3 033</b>	<b>18 089</b>
<b>Total assets</b>	<b>82 739</b>	<b>268 223</b>	<b>35 863</b>	<b>108 823</b>	<b>50 887</b>	<b>27 089</b>	<b>6 458</b>		<b>18 089</b>	<b>9 953</b>
<b>Net interest bearing debt</b>	<b>125 011</b>	<b>-28 363</b>	<b>360 721</b>	<b>136 025</b>	<b>4 163</b>	<b>-17 615</b>	<b>879 061</b>	<b>379 257</b>	<b>19 029</b>	<b>4 911</b>

	Eliminations		Total	
	2023	2022	2023	2022
Bond			498 042	497 581
Interest and ex rate swap n-c				
Non-current interest-bearing debt			1 745 430	353 067
Interest-bearing current borrowings (inp)			226 898	22 902
1 <sup>st</sup> year installm. non-current borrowings			7 817	147 938
Bond				
Interest and ex rate swap (curr.)				
Non-current lease liabilities	-83 757		226 537	203 076
Current lease liabilities	-6 307		65 762	58 454
Bank overdraft			168 745	110 869
Current and non current liabilities IC	-1 634 833	330 523	4 695	-1163
<b>Total liabilities</b>	<b>-1 724 898</b>	<b>-810 569</b>	<b>2 943 927</b>	<b>1 392 724</b>
Cash and cash equivalents			1 928 652	2 339 664
Intercompany loans	-1 384 434	-320 728		
Current interest-bearing rec., IC	-261 339	-489 841		-23
Financial assets classified as held for trading				
<b>Total assets</b>	<b>-1 645 773</b>	<b>-810 569</b>	<b>1 928 653</b>	<b>2 339 642</b>
<b>Net interest bearing debt</b>	<b>-79 126</b>	<b>-93 256</b>	<b>1 015 274</b>	<b>-946 917</b>

## FINANCIAL PERFORMANCE MEASURES

(1 000 NOK)					
Group	2023	2022	2021	2020	2019
Sales	5 441 042	4 586 536	4 232 290	3 157 470	3 226 253
Cost of sales	1 813 833	1 446 542	1 585 290	1 062 363	1 036 194
EBITDA	10) 752 918	726 417	685 819	400 973	489 648
Operating profit	433 004	428 740	450 227	160 745	236 825
Net financial items	-10 595	37 285	-106 316	-46 935	11 249
Equity company income	-31 382	-40 405	-12 173	-14 321	-1 632
Profit before taxes	391 027	425 620	331 738	99 489	236 212
Provision for income tax	-420 547	-458 139	-234 733	-33 709	-139 951
Net profit for the year, continuing operations	-29 520	-32 519	97 005	65 780	93 671
Net discontinued operations income			28 822	54 355	-46 953
Net profit for the year	-29 520	-32 519	125 827	120 135	46 718
Minority interest income	32 590	-38 263	19 118	58 218	-1 313
<b>Total Comprehensive Income</b>	<b>108 098</b>	<b>12 208</b>	<b>159 804</b>	<b>-40 302</b>	<b>269 972</b>

## KEY FIGURES

Group		2023	2022	2021	2020	2019
Return on equity	1) %	-0,8%	-0,9%	2,5%	1,8%	2,9%
Total profitability	2) %	1,0%	0,2%	2,2%	2,1%	2,5%
Gross operating margin	3) %	13,8%	15,8%	16,2%	12,7%	15,2%
Net operating margin	4) %	7,96%	9,35%	10,64%	5,09%	7,34%
Gross profit margin	5) %	-0,5%	-0,7%	2,3%	2,1%	2,9%
Equity share	6) %	40,2%	48,3%	57,2%	55,2%	54,0%
NIBD (tNOK)	7)	1 015 274	-946 917	-1 804 838	-580 420	-199 037
Liquidity ratio 1	8)	1,7	1,6	2,2	1,9	2,2
Result after tax per share	9) NOK	-0,54	-0,59	2,29	2,19	0,85
Dividend per share	NOK	3,95	7,45	37,04	1,20	2,24
Average power production last 10 years (GWh)		501	501	514	509	502

## DEFINITIONS

- Return on equity**  
Net profit for the year, continuing operations divided on average equity.
- Total profitability**  
Net profit for the year, continuing operations + interest cost divided on average total capital.
- Gross operating margin**  
Operating profit + depreciation in percentage of net operating income.
- Net operating margin**  
Operating income in percentage of net operating income.
- Gross profit margin**  
Net profit for the year, continuing operations divided on net operating income.
- Equity share**  
Equity divided on total capital.
- NIBD - Net interest bearing debt**  
Ineterst bearing debt - interest bearing receivables - cash.
- Liquidity ratio 1**  
Current assets divided on current liability.
- Result after tax per share (EPS)**  
Net profit for the year divided on average number of shares.
- Result before interest, tax, depreciation, amortization and impairment**  
Operating income- operating cost.

# Declaration by the members of the Board and the CEO

The Board and CEO have reviewed and approved the Annual and Sustainability Report and Annual Financial Statements for Arendals Fossekompagni ASA, which includes the Group and the Parent Company, for the calendar year 2023 and as at 31 December 2023 (Annual Report for 2023).

The single-entity financial statements and consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union, along with relevant interpretations, and in compliance with further disclosure requirements pursuant to the Norwegian Accounting Act applicable as at 31 December 2023. The Annual Report for the Group and Parent Company has been prepared in accordance with the provisions of the Norwegian Accounting Act and Norwegian Accounting Standard 16 as at 31 December 2023.

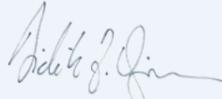
## TO THE BEST OF OUR KNOWLEDGE:

- the Annual Financial Statements for 2023 for the Group and the Parent Company have been prepared in accordance with applicable accounting standards
- the information presented in the financial statements provides a true and fair view of Group's and the Parent Company's assets, liabilities, financial position and performance as a whole as at 31 December 2023
- the Annual Report for the Group and the Parent Company provides a true and fair view of:
- the development, results and financial position of the Group and the Parent Company, and the key risks and uncertainties faced by the Group and the Parent Company.

Froland, 11 April 2024

  
Trond Westlie,  
Chairman

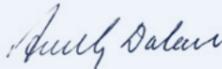
  
Morten Bergesen,  
Board Member

  
Didrik Vignæs,  
Board Member

  
Christian Must,  
Board Member

  
Stine Rolstad Brenna,  
Board Member

  
Lise Lindbäck,  
Board Member

  
Anne Grethe Dalane,  
Board Member

  
Benjamin Golding,  
Chief Executive Officer



To the General Meeting of Arendals Fossekompni ASA

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Arendals Fossekompni ASA, which comprise:

- the financial statements of the parent company Arendals Fossekompni ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Arendals Fossekompni ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 26 April 2018 for the accounting year 2018.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other event that qualified as new Key Audit Matters for our audit of the 2023 financial statements. Furthermore, *Revenue over Time from Contracts with Customers* and *Valuation of Goodwill and Intangible Assets* have the same characteristics and risks as in the prior year, and therefore continue to be areas of focus this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
-------------------	--

<b>Revenue over Time from Contracts with Customers</b>	
--	--

In 2023, revenue recognised over time from contracts with customers constituted NOK 2 212 550 thousand, equal to approximately 41% of total operating revenues. NOK 374 894 thousand of revenue recognised over time is accrued income from uncompleted contracts at the balance-sheet date. Revenue over time from contracts with customers is recognised based on expected final outcome. Assessments of total contract cost, revenue and, if applicable, stage of completion are updated on a regular basis.	
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There are several reasons why we consider revenue recognised over time to be a key audit matter. The Group has a significant volume of contracts where revenues are recognised over time. Additionally, these contracts may have a long duration and the allocation of contract revenues and costs is subject to management judgement which may be complex. Furthermore, management's judgement affects several significant financial statement line items, and thus has a pervasive effect on the financial statement.	
---	--

The accounting principles and notes 1 and 13 to the consolidated financial statement include further information on the Group's recognition of revenue over time from contracts with customers.	
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We obtained a sample of contracts and assessed the accounting treatment against the Group's accounting principles and IFRS 15 Revenue from contracts with customers. We found that the accounting treatment was consistent with the content of the contracts and that accounting principles were based on IFRS 15.	
--	--

Through meetings with management and project leaders, including review of relevant documentation, we tested whether the Group had implemented controls to ensure that accounting for revenue over time reflects management's best estimates with respect to total contract revenue, cost, and if applicable, stage of completion. We found that controls had been implemented at various levels of the organization, and that the controls included periodic meetings to review open contracts.	
---	--

Estimating project revenue and associated costs, and, if applicable, calculating stage of completion requires exercise of judgement. We performed various procedures to assess whether management's judgements were reasonable, including:	
--	--

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Interviewed project leaders and management challenging judgements made with respect to project estimates.</li> <li>• Compared expenses and hours incurred to budgeted expenses and hours.</li> <li>• Compared actual outcome on completed project against initial budget.</li> <li>• If applicable, assessed whether stage of completion on open projects corresponded to amounts recognised in the financial statements.</li> </ul> |  |
|---|--|

We found that assumptions used, and judgements made by management were reasonable.	
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We further evaluated the disclosures in the accounting principles and notes 1 and 13 and found them to be adequate and appropriate.	
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#### Valuation of Goodwill and Intangible Assets

On 31 December 2023 the carrying amount of goodwill and intangible assets in the Group's financial statements was NOK 2 376 559 thousand, equal to approximately 26% of total assets. Goodwill and intangible assets with indefinite economic life are tested for impairment at least annually. Impairment testing is performed at the level of cash generating unit. When testing for impairment, the carrying amount is compared to the recoverable amount. The recoverable amount is determined based on value in use or fair value less cost of disposal.

On 31 December 2023, management's impairment assessment indicated that the recoverable amount exceeded the carrying amount for all cash generating units where goodwill and intangible assets were recognised. As a result, no impairment was recorded.

We focused on valuation of goodwill and intangible assets because these assets constitute a significant share of the Group's total assets, and because calculation of the recoverable amount requires application of significant judgement by management.

Refer to note 6 to the consolidated financial statements for further information on goodwill and intangible assets, cash generating units and impairment testing.

#### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

We obtained and gained an understanding of management's impairment assessment related to goodwill and intangible assets. Our procedures included an assessment of the valuation method and whether key assumptions used by management appeared reasonable based on our understanding of the business and industry of each relevant cash generating unit. We also traced data used in valuation models to underlying documentation.

Based on our audit procedures we found that valuation methods used were reasonable and consistent with our understanding of the business and industry. Our testing of data against underlying documentation did not uncover material exceptions. While we did not find evidence to indicate that goodwill or intangible assets were impaired, we note that the valuation of cash generating units is sensitive to changes in assumptions.

Lastly, we evaluated the information provided in note 6 to the consolidated financial statements, and found it to be adequate and appropriate.



Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 when it exists. 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.



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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Report on Compliance with Requirement on European Single Electronic Format (ESEF)

#### *Opinion*

As part of the audit of the financial statements of Arendals Fossekompani ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name AFK Annual Report 2023.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

#### *Management's Responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

#### *Auditor's Responsibilities*

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Arendal, 11 April 2024

**PricewaterhouseCoopers AS**

Lars Ole Lindal  
State Authorised Public Accountant



Pierre Van Wijk  
Research and Development Engineer, Tekna

# Appendix 06

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# GRI Content Index

Arendals Fossekompni has reported in accordance with the GRI Standards for the reporting period 1 January to 31 December 2023.

## GRI 1 Foundation 2021

## GRI 2 General Disclosures 2021

Disclosure	Disclosure description	Omission	Reference
<b>1. THE ORGANIZATION AND ITS REPORTING PRACTICES</b>			
2-1	Organisational details		Shareholder information (Stock Exchange Listing) Arendals Fossekompni Around the World
2-2	Entities included in the organisation's sustainability reporting		Notes to the financial accounts (Note 1) About this report
2-3	Reporting period, frequency and contact point		About this report
2-4	Restatements of information		About this report
2-5	External assurance		About this report Corporate Governance report (Auditor) Independent Auditor's Statement"
<b>2. ACTIVITY AND WORKERS</b>			
2-6	Activities, value chain and other business relationships		Who we are Arendals Fossekompni Group Our sustainability priorities (Stakeholder Dialogue, Materiality Assessment) Responsible supply chain
2-7	Employees		Diversity and equality (Measures) Appendix: GRI Information (Diversity and Equality)
2-8	Workers who are not employees		Diversity and equality (Measures)
<b>3. GOVERNANCE</b>			
2-9	Governance structure and composition		Corporate governance report (Board of directors: Composition and independence, Nominations committee, The work of the Board of Directors, Guidelines for equality and diversity)
2-10	Nomination and selection of the highest governance body		Corporate governance report (Board of directors: Composition and independence, Nominations committee)
2-11	Chair of the highest governance body		Corporate governance report (Board of directors: Composition and independence)
2-12	Role of the highest governance body in overseeing the management of impacts		Corporate governance report (The work of the Board of Directors, The Board's tasks, Self-assessment)

Disclosure	Disclosure description	Omission	Reference
2-13	Delegation of responsibility for managing impacts		Corporate governance report (The work of the Board of Directors, The Board's tasks and Notice of board meetings and meeting procedures)
2-14	Role of the highest governance body in sustainability reporting		Corporate governance report (The work of Board of Directors, The Board's tasks) About this report
2-15	Conflict of interest		Corporate governance report (Board of Directors: Composition and independence, Independence of Board of Directors)
2-16	Communication of critical concerns		Corporate governance report (Risk management and internal control, Critical concerns) Ethical business conduct (Measures)
2-17	Collective knowledge of the highest governance body		Corporate governance report (The work of the Board of Directors, Critical concerns, Onboarding and competence development)
2-18	Evaluation of the performance of the highest governance body		Corporate governance report (The work of the Board of Directors, Self-assessment)
2-19	Remuneration policies		Corporate governance report (Remuneration of senior executives, Remuneration to the Board of Directors) <a href="https://afk-assets.fra1.digitaloceanspaces.com/web-site/documents/Policy-for-remuneration-of-executive-management-in-AFK.pdf">https://afk-assets.fra1.digitaloceanspaces.com/web-site/documents/Policy-for-remuneration-of-executive-management-in-AFK.pdf</a> "
2-20	Process to determine remuneration		Corporate governance report (Remuneration of Senior Executives, The work of the Board of Directors)
2-21	Annual total compensation ratio	The disclosure requirements are met based on calculations using average salary, not median. The reason is that AFK Group does not have access to the salary to all employees and are therefore not able to calculate a median	Diversity and equality (Measures)
<b>4. STRATEGY, POLICIES AND PRACTICES</b>			
2-22	Statement on sustainable development strategy		Letter from the CEO
2-23	Policy commitments		Responsible supply chain Anti-corruption and bribery Corporate governance report (Risk management and internal control)
2-24	Embedding policy commitments		Human Rights and Transparency Act Report 2023 Corporate Governance report
2-25	Processes to remediate negative impacts		Responsible supply chain Human Rights and Transparency Act Report 2023
2-26	Mechanisms for seeking advice and raising concerns		Human Rights and Transparency Act Report 2023 (The whistleblowing policy), AFK Parent Company
2-27	Compliance with laws and regulations		Responsible supply chain
2-28	Membership associations		Reporting frameworks and partnerships (Membership associations)

Disclosure	Disclosure description	Omission	Reference
<b>5. STAKEHOLDER ENGAGEMENT</b>			
2-29	Approach to stakeholder engagement		Our sustainability priorities (Stakeholder dialogue)
2-30	Collective bargaining agreements		Diversity and equality (Measures)

## GRI 3 Material topics 2021

3-1	Process to determine material topics		Our sustainability priorities (Materiality assessment, Stakeholder dialogue) Appendix: GRI Information (Our sustainability priorities)
3-2	List of material topics		Our sustainability priorities (Materiality assessment)

## RESPONSIBLE INVESTMENTS

### New investments

#### GRI 3: Material topics 2021

3-3	Management of material topics		New investments (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue, Responsible investments)
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#### AFK KPI

AFK KPI	Turnover		EU Taxonomy Summary
AFK KPI	CapEx		EU Taxonomy Summary
AFK KPI	OpEx		EU Taxonomy Summary

## OPTIMIZING PORTFOLIO COMPANIES

### Economic performance

#### GRI 3: Material topics 2021

3-3	Management of material topics		Economic performance (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue) Optimising portfolio companies)
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#### GRI 201: Economic performance 2016

201-1	Direct economic value generated and distributed		Financial statements (Statements of income)
201-2	Financial implications and other risks and opportunities due to climate change		TCFD: Climate-risk Assessment Report 2023

### Strengthening environmental performance

#### GRI 3: Material topics 2021

3-3	Management of material topics		Strengthening environmental performance (Policy, Actions, Measures, Targets), Our sustainability priorities (Stakeholder dialogue, Optimising portfolio companies)
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#### GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions		Strengthening environmental performance (Measures) Carbon Accounting Report 2023
305-2	Direct (Scope 2) GHG emissions		Strengthening environmental performance (Measures) Carbon Accounting Report 2023
305-3	Other indirect (Scope 3) GHG emissions		Strengthening environmental performance (Measures) Carbon Accounting Report 2023

Disclosure	Disclosure description	Omission	Reference
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organization		Strengthening environmental performance (Measures) Carbon Accounting Report 2023
<b>Biodiversity</b>			
<b>GRI 3: Material topics 2021</b>			
3-3	Management of material topics		Biodiversity (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue, Optimising portfolio companies)
<b>GRI 304: Biodiversity 2016</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Biodiversity (Measures)
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Information unavailable/incomplete: As this is the first year that we are reporting according to this disclosure, AFK does not have a full overview of the total number of IUCN Red List species and national conservation list species with habitats in areas affected by our operations. We provide information for a selection of our portfolio companies, and will work to gather more information about this topic in 2024.	Biodiversity (Measures)

## ETHICAL BUSINESS CONDUCT

### Anti-corruption and bribery

#### GRI 3: Material topics 2021

3-3	Management of material topics		Anti-corruption and bribery (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue, Ethical business conduct)
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#### GRI 205: Anti-Corruption (2016)

205-1	Operations assessed for risks related to corruption		Anti-corruption and bribery (Measures) Appendix: GRI Information(Anti-corruption and bribery)
205-2	Communication and training about anti-corruption policies and procedures		Anti-corruption and bribery (Measures) Appendix: GRI Information(Anti-corruption and bribery)
205-3	Confirmed incidents of corruption and actions taken		Anti-corruption and bribery (Measures) Appendix: GRI Information(Anti-corruption and bribery)

### Responsible supply chain

#### GRI 3: Material topics 2021

3-3	Management of material topics		Responsible supply chain (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue, Ethical business conduct)
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Disclosure	Disclosure description	Omission	Reference
<b>GRI 414</b>			
414-1	New suppliers that were screened using social criteria		Responsible supply chain (Measures) Appendix: GRI Information (Responsible supply chain)
414-2	Negative social impacts in the supply chain and actions taken	Information not available for 414-2: The company did not manage to gather this information for all portfolio companies in 2023, but will improve data gathering processes and plans to obtain the information in 2024.	Human Rights and Transparency Act Report 2023 (Risk of negative consequences)
<b>Information security</b>			
<b>GRI 3: Material topics 2021</b>			
3-3	Management of material topics		Information security (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue, Ethical business conduct)
AFK KPI			
AFK KPI	Training of people in ICT security		Information security (Actions, Measures) Appendix: GRI Information (Information Security)
<b>A GREAT PLACE TO WORK</b>			
<b>Diversity and equality</b>			
<b>GRI 3: Material topics 2021</b>			
3-3	Management of material topics		Diversity and equality (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue, A great place to work)
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees		Diversity and equality (Measures) Appendix: GRI Information (Diversity and equality)
405-2	Ratio of basic salary and remuneration of women to men		Diversity and equality (Measures) Appendix: GRI Information (Diversity and equality)
<b>GRI 406: Non-discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken		Diversity and equality (Measures)
<b>Employee satisfaction &amp; talent attractiveness</b>			
<b>GRI 3: Material topics 2021</b>			
3-3	Management of material topics		Employee satisfaction and talent attractiveness (Policy, Actions, Measures, Targets) Our sustainability priorities (Stakeholder dialogue, A great place to work)
<b>GRI 401: Employment 2016</b>			
401-1	New employee hires and employee turnover		Employee satisfaction & talent attractiveness (Measures) Appendix: GRI Information (Employee Satisfaction and talent attractiveness)

Disclosure	Disclosure description	Omission	Reference
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Employee satisfaction & talent attractiveness (Measures) Diversity and equality (Actions) Appendix: GRI Information (Employee satisfaction and talent attractiveness)
401-3	Parental leave	Information not available for 401-3 c., d., and e: The company did not manage to gather this information for all portfolio companies in 2023, but will improve data gathering processes and plans to obtain the information in 2024.	Employee satisfaction & talent attractiveness (Measures) Appendix: GRI Information (Employee Satisfaction and talent attractiveness)
<b>Health and safety</b>			
<b>GRI 3: Material topics 2021</b>			
3-3	Management of material topics		Health and safety (Policy, Actions, Measures, Targets) Board of Directors' Report for 2023 (Personell, Equal opportunity) Our sustainability priorities (Stakeholder dialogue, A great place to work)
<b>GRI 403: Occupational health and safety 2018</b>			
403-1	Occupational health and safety management system		Health and safety (Measures) Appendix: GRI Information (Health and safety)
403-2	Hazard identification, risk assessment, and incident investigation		Health and safety (Measures) Appendix: GRI Information (Health and safety)
403-3	Occupational health services		Health and safety (Measures) Appendix: GRI Information (Health and safety)
403-4	Worker participation, consultation, and communication on occupational health and safety		Health and safety (Measures) Appendix: GRI Information (Health and safety)
403-5	Worker training on occupational health and safety		Health and safety (Measures) Appendix: GRI Information (Health and safety)
403-6	Promotion of worker health		Health and safety (Measures) Appendix: GRI Information (Health and safety)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Health and safety (Measures) Appendix: GRI Information (Health and safety)
403-9	Promotion of worker health		Health and safety (Measures) Appendix: GRI Information (Health and safety)

# GRI Information

## Social

### Diversity and Equality

EMPLOYEE DIVERSITY		Headcount per 31.12.23			
Age group (full-time employees)	Total	< 30 years	30-50 years	> 50 years	
Female	507 (20,0%)	89 (3,5%)	301 (11,8%)	117 (4,6%)	
Male	2,032 (80,0%)	345 (13,6%)	1,110 (43,7%)	577 (22,7%)	
Non-binary	2 (0,1%)	0 (0,0%)	2 (0,1%)	0 (0,0%)	
<b>Total headcount</b>	<b>2,541</b>	<b>434 (17,1%)</b>	<b>1,413 (55,6%)</b>	<b>694 (27,3%)</b>	
Age group (part-time employees)	Total	< 30 years	30-50 years	> 50 years	
Female	46 (35,7%)	8 (6,2%)	20 (15,5%)	18 (14,0%)	
Male	83 (64,3%)	32 (24,8%)	26 (20,2%)	25 (19,4%)	
Non-binary	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	
<b>Total headcount</b>	<b>129</b>	<b>40 (31,0%)</b>	<b>46 (35,7%)</b>	<b>43 (33,3%)</b>	
Age group (permanent employees)	Total	< 30 years	30-50 years	> 50 years	
Female	537 (21,1%)	90 (3,5%)	319 (12,5%)	128 (5,0%)	
Male	2,011 (78,9%)	313 (12,3%)	1,103 (43,3%)	595 (23,3%)	
Non-binary	2 (0,1%)	0 (0,0%)	2 (0,1%)	0 (0,0%)	
<b>Total headcount</b>	<b>2,550</b>	<b>403 (15,8%)</b>	<b>1,424 (55,9%)</b>	<b>723 (28,3%)</b>	
Age group (temporary employees)	Total	< 30 years	30-50 years	> 50 years	
Female	17 (14,2%)	12 (10,0%)	1 (0,8%)	4 (3,3%)	
Male	103 (85,8%)	66 (55,0%)	32 (26,7%)	5 (4,2%)	
Non-binary	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	
<b>Total headcount</b>	<b>120</b>	<b>78 (65,0%)</b>	<b>33 (27,5%)</b>	<b>9 (7,5%)</b>	
Region (full-time employees)	Total	Europe	America	Asia	
Female	519 (20,4%)	387 (15,2%)	71 (2,8%)	61 (2,4%)	
Male	2,020 (79,4%)	1,375 (54,1%)	218 (8,6%)	427 (16,8%)	
Non-binary	2 (0,1%)	2 (0,1%)	0 (0,0%)	0 (0,0%)	
<b>Total headcount</b>	<b>2,541</b>	<b>1,764 (69,4%)</b>	<b>289 (11,4%)</b>	<b>488 (19,2%)</b>	
Region (part-time employees)	Total	Europe	America	Asia	
Female	46 (35,7%)	45 (34,9%)	1 (0,8%)	0 (0,0%)	
Male	83 (64,3%)	80 (62,0%)	3 (2,3%)	0 (0,0%)	

Non-binary	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)
<b>Total headcount</b>	<b>129</b>	<b>125 (96,9%)</b>	<b>4 (3,1%)</b>	<b>0 (0,0%)</b>
Region (permanent employees)	Total	Europe	America	Asia
Female	538 (21,1%)	419 (16,4%)	58 (2,3%)	61 (2,4%)
Male	2,010 (78,8%)	1,409 (55,3%)	221 (8,7%)	380 (14,9%)
Non-binary	2 (0,1%)	2 (0,1%)	0 (0,0%)	0 (0,0%)
<b>Total headcount</b>	<b>2,550</b>	<b>1,830 (71,8%)</b>	<b>279 (10,9%)</b>	<b>441 (17,3%)</b>
Region (temporary employees)	Total	Europe	America	Asia
Female	17 (14,2%)	13 (10,8%)	1 (0,8%)	3 (2,5%)
Male	103 (85,8%)	59 (49,2%)	0 (0,0%)	44 (36,7%)
Non-binary	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)
<b>Total headcount</b>	<b>120</b>	<b>72 (60,0%)</b>	<b>1 (0,8%)</b>	<b>47 (39,2%)</b>

### DIVERSITY OF GOVERNANCE BODIES

Board of Directors	Total	< 30 years	30-50 years	> 50 years
Female	17 (25,0%)	0 (0,0%)	5 (7,4%)	12 (17,6%)
Male	51 (75,0%)	1 (1,5%)	21 (30,9%)	29 (42,6%)
<b>Total headcount</b>	<b>68</b>	<b>1 (1,5%)</b>	<b>26 (38,2%)</b>	<b>41 (60,3%)</b>
C-suite positions	Total	< 30 years	30-50 years	> 50 years
Female	14 (24,1%)	0 (0,0%)	6 (10,3%)	8 (13,8%)
Male	44 (75,9%)	0 (0,0%)	22 (37,9%)	22 (37,9%)
<b>Total headcount</b>	<b>58</b>	<b>0 (0,0%)</b>	<b>28 (48,3%)</b>	<b>30 (51,7%)</b>
Executive level management	Total	< 30 years	30-50 years	> 50 years
Female	50 (23,6%)	1 (0,5%)	38 (17,9%)	11 (5,2%)
Male	162 (76,4%)	3 (1,4%)	95 (44,8%)	64 (30,2%)
<b>Total headcount</b>	<b>212</b>	<b>4 (1,9%)</b>	<b>133 (62,7%)</b>	<b>75 (35,4%)</b>

### DIVERSITY PER EMPLOYEE CATEGORY

Technical and production functions	Total	< 30 years	30-50 years	> 50 years
Female	258 (14,1%)	54 (3,0%)	148 (8,1%)	56 (3,1%)
Male	1569 (85,9%)	306 (16,7%)	863 (47,2%)	400 (21,9%)
<b>Total headcount</b>	<b>1827</b>	<b>360 (19,7%)</b>	<b>1011 (55,3%)</b>	<b>456 (25,0%)</b>
Administrative functions	Total	< 30 years	30-50 years	> 50 years
Female	245 (41,8%)	37 (6,3%)	141 (24,1%)	67 (11,4%)
Male	341 (58,2%)	56 (9,6%)	171 (29,2%)	114 (19,5%)
<b>Total headcount</b>	<b>586</b>	<b>93 (15,9%)</b>	<b>312 (53,2%)</b>	<b>181 (30,9%)</b>
Other functions	Total	< 30 years	30-50 years	> 50 years
Female	36 (18,7%)	13 (6,7%)	19 (9,8%)	4 (2,1%)
Male	157 (81,3%)	17 (8,8%)	86 (44,6%)	54 (28,0%)
<b>Total headcount</b>	<b>193</b>	<b>30 (15,5%)</b>	<b>105 (54,4%)</b>	<b>58 (30,1%)</b>

## RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

Employee category	Europe		America		Asia	
	Remuneration	Salary	Remuneration	Salary	Remuneration	Salary
<b>Level</b>						
C-suite ratio women to men	101%	86%	73%	74%	-	-
BoD ratio women to men	117%	140%	-	-	-	-
Non-executive ratio women to men	88%	88%	93%	94%	119%	159%
<b>Job function</b>						
Technical and production ratio women to men	100%	102%	97%	101%	86%	114%
Administrative ratio women to men	73%	75%	70%	74%	79%	67%
Other functions ratio women to men	83%	86%	83%	83%	255%	276%

How does the organization determine their working conditions and terms of employment for employees not covered by collective bargaining agreements?

ENRX	Partly based on collective bargaining agreement, partly through individual contract negotiations
Tekna	Internal policies and guidelines
NSSL Global	Follow Employment Laws and Legislations. Salary reviews are performed annually, and market conditions are investigated
Volue	Based on the same collective bargaining agreements that covers other employees
Alytic	Follow the working environment act, holiday act etc. Better agreements than the minimum.
Vergia	Individual contract negotiations
AFK Vannkraft	All employees covered by collective bargaining agreement
AFK Group management	Partly based on collective bargaining agreement, partly through individual contract negotiations
AFK Property	Partly based on collective bargaining agreement, partly through individual contract negotiations
Collect	All employees covered by collective bargaining agreement
Commeo	Working conditions are determined by e.g. safety officers, privacy officers or other officers
Ampwell	Individual contract negotiations

Employee Satisfaction  
and Talent Attractiveness

## NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

New employee hires by age group				
	Total	< 30 years	30-50 years	> 50 years
Female	131 (23,2%)	47 (8,3%)	70 (12,4%)	14 (2,5%)
Male	433 (76,8%)	168 (29,8%)	208 (36,9%)	57 (10,1%)
Total headcount	564	215 (38,1%)	278 (49,3%)	71 (12,6%)

## New employee hires by region

	Total	Europe	America	Asia
Female	136 (24,1%)	111 (19,7%)	16 (2,8%)	9 (1,6%)
Male	428 (75,9%)	312 (55,3%)	47 (8,3%)	69 (12,2%)
Total headcount	564	423 (75,0%)	63 (11,2%)	78 (13,8%)

## Leave the company/turnover by age group

	Total	< 30 years	30-50 years	> 50 years
Female	75 (20,4%)	21 (5,7%)	37 (10,1%)	17 (4,6%)
Male	293 (79,6%)	71 (19,3%)	154 (41,8%)	68 (18,5%)
Total headcount	368	92 (25,0%)	191 (51,9%)	85 (23,1%)

## Leave the company/turnover by region

	Total	Europe	America	Asia
Female	124 (33,7%)	64 (17,4%)	55 (14,9%)	5 (1,4%)
Male	244 (66,3%)	157 (42,7%)	40 (10,9%)	47 (12,8%)
Total headcount	368	221 (60,1%)	95 (25,8%)	52 (14,1%)

**BENEFITS WHICH ARE STANDARD FOR FULL-TIME EMPLOYEES BUT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES**

	Europe	America	Asia
ENRX	Brasil / France: Life insurance, health care, parental leave, food voucher, annual bonus Rest Europe: no difference	Health Insurance, Life Insurance, Dental Insurance and Retirement (401K)	China: life insurance, health care, disability or invalidity coverage, parental leave, retirement provision, stock ownership Rest Asia no difference
Tekna	Insurance (life insurance, disability, health care, additional compensation for illness), retirement plan, parental leave, holidays, meal costs (restaurant tickets or baskets)	Insurance (life insurance, disability, health care, dental care, travel insurance), employee assistance program, telemedicine, retirement plan, parental leave, sick leave, holidays, professional order fees reimbursement	Insurance (medical, unemployment, injury), endowment (retirement plan), parental leave, holidays, housing provident fund
NSSL Global	Pension, Private Medical Cover, Life assurance, Hybrid working	Employee Assistant Program, Medical Care, Pension	Medical leave, Life insurance, private health insurance
Volue	Norway: Insurances including health care and disability, extra days off in connection to Christmas/Easter, telephone subscription, parental leave. Germany: all the same Poland: All the same Sweden: insurances/health care, pension scheme. Denmark: insurances/health care, pension scheme. Switzerland: all the same Finland: all the same Spain: benefits according to law		Benefits according to Japanese law
Alytic	Insurances (health, grouplife, sickness, travel), Co-investment scheme, pension, parental leave etc		
Vergia	Not applicable		
AFK Vannkraft	Life insurance, occupational health care, discounted stock ownership, travel insurance, phone, internet		
AFK mor	Life insurance, occupational health care, discounted stock ownership, travel insurance, phone, internet		
AFK Property	Life insurance, occupational health care, discounted stock ownership, travel insurance, phone, internet		
Collect	Remote work, Flex salary (tax deduction)		
Commeo	Company pension + capital-forming benefits Parental leave Annual salary adjustment Training and professional development programs tailored to the individual requirements of every employee"		

**PARENTAL LEAVE**

a)	
Female entitled to parental leave	305
Male entitled to parental leave	1,026
Non-binary entitled to parental leave	0
Total number	1,331

b)	
<b>Total number of employees that took parental leave, by gender;</b>	
Female who took parental leave	32
Male who took parental leave	88
Non-binary who took parental leave	0
Total number	120

## Health and Safety

### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

ENRX have standardised their main production sites according to ISO 45001, where some plants have legal requirements, and some do not. This includes Italian law 81/08, Norwegian Working Environment Act, and Japanese Legal Health and Safety regulations.

For Tekna, the health and safety system are implemented in offices and factories in compliance with national law. The safety system in Canada is in accordance with Law S2-1: Law on Workplace Health and Safety in Quebec, Canada. In France, the system is governed by the Code du travail legislation. Tekna is required to conduct audits and analyse workplace related risk. Workers in Tekna's factories are covered by strict health and safety systems. The workers considered are factory, laboratory and office workers.

Volue does not have any system but are following up occupational health according to local regulations.

NSSL follows UK government's Health and Safety at Work Act 1974. All activities of their undertakings are covered within the management system.

Through the implementation of the occupational health and management system, Arendals Fossekompni aim to protect people's lives and health, to protect nature and the environment against unintended stresses, to protect facilities, equipment, and production, and to ensure a targeted and cost-effective operation. AFK Hydropower has implemented a comprehensive internal control system (Internkontrollforskriften), as required by law.

#### Hazard identification, risk assessment, and incident investigation

For ENRX, the identification of work-related hazards is based on ISO 45001, and either conducted by an external safety engineer or by managers/team leaders for the work places. The quality is ensured by training, committee and management reviews and review from external safety consultants. The processes used to evaluate and improve the systems are through KPIs, employee participation, and safety rounds. Hazardous situations are reported through superiors and collected in a database, in addition to a whistleblower system. Investigation of work-related incidents is done in accordance with the ISO 45001 system through global incident reporting, investigation reports and management review.

Tekna is following their internal standard, where risk analysis processes is used to identify any work-related hazards and how to mitigate them. The occupational health and safety committee's actions have been successful in integrating prevention in the company's production activities and encouraging individual responsibility

towards identifying, eliminating, and controlling risks. A compulsory training program is used to ensure quality of the processes. Through periodic audits, the company verifies the application of safety rules. To evaluate and improve the system, a program of planned inspections is implemented. Tekna fosters an open dialogue around Health and Safety and invites all employees to contribute and share observations of potentially hazardous situations or configurations. Employees are protected by their open culture as well as the Code of Conduct under whistleblower rights. Workers have the right to refuse to work for health and safety reasons. The risk will then be evaluated by a team including workers to find a solution. The company has developed an Emergency Response Plan according to its specific risks. Managers, supervisors and HR receive OHS training. When a work-related incident is reported, a team evaluate the risk according to internal standards. The causes are then identified, and a plan is made to control the risk.

Volue has yearly safety and security assessments with external vendors where any work-related hazards are identified, with physical and psychosocial. Employee engagement surveys are conducted during the year where hazards can be identified. A whistleblower channel is used for workers to report on work-related hazards. Employees are secured and can choose to be anonymous when reporting incidents. Employees are encouraged to inform if they find any discrepancies, without getting any reprisals. When an incident is reported in the whistleblower channel Head of People can follow up the case and involve the applicable stakeholders.

NSSLGlobal's procedure P25 Workplace Precautions and Risk Control System documents the company's processes. The control of risk is necessary to secure compliance with the requirements of the Health and Safety at Work Act and relevant statutory provisions. There are three basic stages in establishing workplace precautions: Hazard Identifications – identifying hazards which could cause harm, Risk Assessment – assessing risk which may arise from hazards, Risk Control – deciding on suitable measures to eliminate or control risk. Quality is ensured by auditing, document reviews and planning. Non-conformances and opportunities for improvement are identified and entered into a database for senior management oversight and control. A corrective action plan is completed for all entries. All workers are trained to report work related hazards during the initial joining introduction. The OHS manual states that staff can report concerns without fear of reprisals. An employee that may have concerns about their own or others health and safety should stop work immediately and either contact the occupiers of the premises, the host of the vessel, or the person in charge. Work must not commence or re-commence unless it is safe to do so, the Risk Assessment has been reviewed, the additional risks or hazards con-

sidered, and the risk reduced through mitigation and controls. Investigation related to work-related incidents are done by the procedures P01 Accidents, Incidents and Dangerous Occurrences and P25 Workplace Precautions and Risk Control Systems.

To identify work-related hazards and assess risks on a routine basis, AFK Hydropower conducts risk and vulnerability analysis for continuous work by identifying and eliminating hazards, assessing risks and implementing improvement measures. These analyses are reviewed annually and audited when needed, and actions are taken to minimise the identified hazards and risks. Another measure to identify work-related hazards and assess risks, is the weekly safety rounds on the hydropower plant, in addition to a more comprehensive annual safety round on-site. We also perform a safe work analysis before starting a job that is not described in a policy, to secure health and safety in every job execution. Employees' job descriptions contain defined safety roles for each specific area of the on-site hydropower workers. To identify work-related hazards and assess risks on a non-routine basis, AFK Hydropower has established a whistleblowing system for employees to report incidents and irregularities, including situations that can potentially cause injury and ill health. This system also allows anonymous reporting of incidents.

#### Occupational health services

ENRX's occupational health services include yearly trainings, health checks, and specialised trainings for special operations employees. This is quality ensured by committee and management reviews, as well as through internal and external audits.

In Tekna, the occupational health service function is controlled by the HR department, which is reporting directly to the CEO. The OHS function structure encompasses committees with responsibilities at various levels. Tekna complies with all legal requirements for health and safety in all geographic locations. The Employee H&S committee consists of a combination of factory workers, engineers and managers provided practical insights into hazards.

Volue has different occupational health services in the different countries they operate. A OHS representative for each location contribute to the mental well-being of employees and help with facilitating for a secure physical and mental work environment for all employees.

Occupational health services for NSSLGlobal are contracted as required. A mental health and wellbeing first aid assessor is employee onsite at HQ office. The OHS Manager and OHS Committee conduct hazard identification as per P25 Workplace Precautions and Risk Control System.

AFK Hydropower has established an occupational health services agreement with Avonova Helse, where a cooperation plan has been developed for activities designed to meet our HSE goals. For training, a first aid course is held annually for employees in AFK Hydropower. For evaluation, cooperation meetings are conducted. Avonova is supporting with safety rounds and measurements and risk assessments for employees located at the power plant.

#### Worker participation, consultation, and communication on occupational health and safety

ENRX is following ISO 45001 for worker participation in OHS. This done through health and safety committee, participation in safety rounds, and through the reporting system. Also, in accordance with ISO 45001, health and safety committees have decision authority on work environment issues according to local government regulations. The committees have normally minimum four yearly meetings.

Tekna's employee H&S committee consist of a combination of factory workers, engineers and managers with representatives elected by the workers. The company has a health and safety committee compliant with regulations and representing all employees. The committee meets 10-12 times a year. The committee is the starting point for workers to report OHS concerns. They give recommendations to management and establish an action plan to monitor progress. Furthermore, the accident investigation and analysis procedure is well applied within the organisation. Investigations and analyses are carried out with the collaboration of workers, supervisors, the OHS committee and management.

Volue has a working environment committee in the locations where this is required by local regulations. These have quarterly meetings with a fixed agenda. Workers are represented in these committees.

For NSSLGlobal, worker participation and consultation is provided through the OHS committee, which is representing all departments. For the production of risk assessments, the field service engineers are consulted for the completion. The OHS committee meets at least 3 times a year, or as required due to exceptional circumstances. The committee consists of managers and workers and are responsible for discussing health and safety requirements and recommending actions to the senior management via the OHS manager.

Employee elected safety representatives at AFK Hydropower participate in the consultation and implementation of the occupational health and management system. These representatives receive training through a dedicated course for safety representatives. The representatives are conducting safety rounds annually to

ensure that all safety standards are fulfilled. To be able to receive input from all employees, a suggestion box is placed out in the hydropower station where employees anonymously can give feedback and improvement suggestions. An HSE group is established and consists of two worker representatives and two representatives from the management. The HSE group normally meet twice a year or when needed.

#### Worker training on occupational health and safety

ENRX has yearly general safety training, special safety trainings regarding special operations including hazardous substances and specific hazards timing, in accordance with local law, normally between 1-3 years.

Tekna has an extensive training program which is adjusted to the role an employee has in the organisation. This means that the training is more extensive for operators than for an office worker. There is e-learning, in-class training and on-the-job practical training and tests to validate knowledge. Trainings are repeated as per the frequency set for each training.

For Volue's locations in countries where applicable, a Safety Officer course is offered. Fire drills, CPR course and defibrillator course is offered regularly.

NSSLGlobal provide training for workers involved with H&S duties. This process is documented through HR. First aid, fire wardens and spillage teams are trained according in accordance with legislation. Any other training is completed as required. Committee members have completed the managing safety course. Bespoke training for staff members is controlled via their respective line manager and aligns with the job descriptions. All staff undergo an initial joining introduction and are required to complete online OHS awareness training.

GRI 403-6 Promotion of worker health and GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships have been evaluated to not be material for Arendals Fossekompani.

#### WORK-RELATED INJURIES

	For all employees	For all workers who are not employees but whose work and/or workplace is controlled by the organization
The number of fatalities as a result of work-related injury	0	0
The number of high-consequence work-related injuries (excluding fatalities)	1	0
The number of recordable work-related injuries (including fatalities)	13	2
The rate of fatalities as a result of work-related injury	0	0
The rate of high-consequence work-related injuries (excluding fatalities)	0.22	0
The rate of recordable work-related injuries (including fatalities)	2.81	136.1
The main types of work-related injury	Cuts, electrification, back injury	Cuts, electrification
Number of hours worked	4,621,026	121,424

## Governance

### Anti-corruption and bribery

OPERATIONS ASSESSED FOR RISKS RELATING TO CORRUPTION	2023	2022
Total number of operations	70	152
Total number of operations assessed for risks related to corruption	18	105
Percentage of operations assessed for risks related to corruption	25.71%	69%

COMMUNICATION ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES	Total	Europe	America	Asia
Board of Directors	43 (63%)	43	0	0
C-suite positions	52 (90%)	36	7	1
Non-executive level management	151 (71%)	40	5	11
Other employees	1,637 (67%)	743	2	221
Business partners	2,106 (10%)	797	220	1,014

TRAINING IN ANTI-CORRUPTION POLICIES AND PROCEDURES	Total	Europe	America	Asia
Board of Directors	15 (22%)	15	0	0
C-suite positions	34 (59%)	28	0	1
Non-executive level management	126 (59%)	21	0	9
Other employees	1,225 (47%)	388	2	204

#### CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

There have been no confirmed incidents of corruption and no public legal cases regarding corruption brought against Arendals Fossekompani or the Group's employees during the reporting period. No employees were dismissed or disciplined for corruption, and no contracts with business partners were terminated or not renewed due to violations related to corruption.

### Information security

TOTAL NUMBER OF EMPLOYEES THAT HAVE RECEIVED TRAINING IN CYBER SECURITY	2023
Total number of employees that have received training in cyber security	1,528
Percentage of employees that have received training in cyber security	57.23%

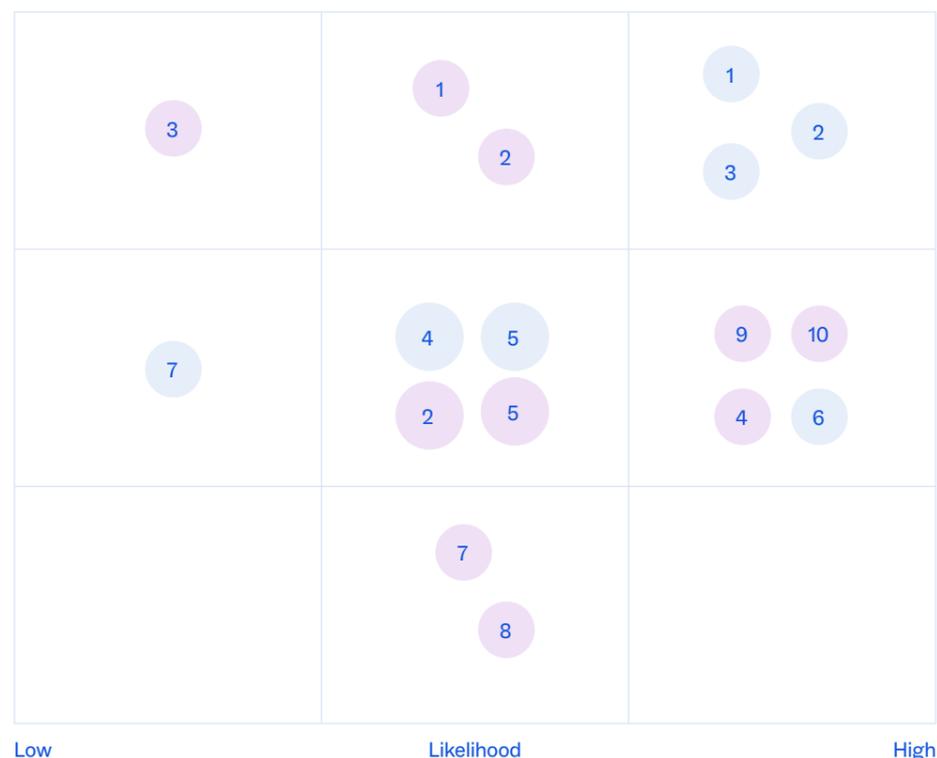
### Responsible supply chain

NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA	2023
Total number of new suppliers	1,008
Total number of new suppliers that were screened using social criteria	511
Percentage of new suppliers that were screened using social criteria	50.69%

# Materiality

## Our Sustainability Priorities

Consequence vs. likelihood assessment



### RISKS

Description	Consequence	Likelihood
1. Mismatch between AFK's ESG ambitions and portfolio companies' performance may damage reputation as a responsible owner and affect the ability to attract new investments	High	Medium
2. Reduced market cap as portfolio companies struggle to participate in the green transition	High	Medium
3. Fail to attract investors due to inaccurate and/or unstructured ESG reporting	High	Low
4. Increased expenses towards transparency, reporting and communication to meet legal requirements and stakeholder expectations	Medium	High
5. Lose battle for talent as main office is located outside Norway's greatest business hubs	Medium	Medium
6. Unfavorable financial terms if sustainability performance is perceived low and ESG reporting misunderstood	Medium	Medium
7. Portfolio companies perceiving ESG module as irrelevant and resource intensive, reducing AFK's overall ESG performance. A "one-size-fits-all" approach not suitable	Medium	Medium
8. Disruptions in supply chains and portfolio companies' operations due to extreme weather events	Low	Medium
9. Risk that area conflicts and biodiversity affect reputation negatively	Medium	High
10. Unsuccessful investments: the energy transition takes too long	Medium	High

### OPPORTUNITIES

Description	Consequence	Likelihood
1. Increased demand for green technologies drives valuation of portfolio companies	High	High
2. Increase exit multiple of portfolio companies through active ESG management throughout ownership period	High	High
3. Increase investor and other stakeholder confidence by increasing transparency and providing reliable, non-financial disclosures	High	High
4. Attract investors and capital by promoting and developing a portfolio that responds to ESG megatrends (e.g. climate and biodiversity)	Medium	Medium
5. Engage with local stakeholders and local business clusters to develop new partnerships and R&D projects	Medium	Medium
6. Attract talent by promoting ESG profile, team diversity, and opportunities outside regular business hubs	Medium	High
7. Be a leader in the energy transition locally and nationally	Medium	Low



To the Board of Directors of Arendals Fossekompni ASA

## Independent Report on Arendals Fossekompni ASA's sustainability reporting

We have undertaken a limited assurance engagement in respect of Arendals Fossekompni ASA's (Arendal Fossekompni) sustainability reporting (the Subject Matter) for the period 1 January 2023 - 31 December 2023.

The identified Subject Matter Information is summarised below:

- Arendals Fossekompni's Global Reporting Initiative (GRI) Index for 2023 is an overview of which sustainability topics Arendals Fossekompni considers material to its business and which indicators it uses to measure and report sustainability performance; together with a reference to where the material sustainability information is reported within the 2023 Integrated report. Arendals Fossekompni's GRI Index for 2023 is available and included in the 2023 Integrated report. We have examined whether Arendals Fossekompni has developed a GRI Index for 2023 and whether mandatory disclosures are reported in accordance with the Standards published by The Global Reporting Initiative ([www.globalreporting.org/standards](http://www.globalreporting.org/standards)) (the Criteria).
- Arendals Fossekompni has prepared its Scope 1 and Scope 2 (location and market based) emissions in line with the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (2004) (the Criteria). We have examined whether the scope 1 and scope 2 emissions have been calculated, estimated and reported in accordance with the Criteria as described in the Integrated Report, chapter 04 Sustainability, subchapter Optimizing Portfolio Companies, section "Strengthening Environmental Performance".

### Management's Responsibility

Management is responsible for the preparation of the Subject Matter Information in accordance with the applicable Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a Subject Matter Information that is free from material misstatement, whether due to fraud or error. Greenhouse gas (GHG) quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by 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), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibilities

Our responsibility is to express a conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in

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accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information» and, in respect of greenhouse gas emissions, ISAE 3410 - «Assurance Engagements on Greenhouse Gas Statements», both issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement in accordance with ISAE 3000 and ISAE 3410 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and, among others, included an assessment of whether the criteria used are appropriate, as well as an assessment of the overall presentation of the sustainability reporting. Our procedures, based on assessment of the risk of error, also included meetings with representatives from Arendals Fossekompni who are responsible for the material sustainability topics covered by the sustainability reporting; review of internal control and routines for reporting the GRI Index and scope 1 and scope 2 emissions; obtaining and reviewing relevant information that supports the preparation of scope 1 and scope 2 emissions; assessment of completeness and accuracy of the GRI Index and scope 1 and 2 emissions and controlling the calculations of scope 1 and scope 2 emissions.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Conclusion

- Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Arendals Fossekompni's GRI Index for 2023 is not, in all material respects, developed in accordance with the requirements of the Standards published by The Global Reporting Initiative;
- Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Arendals Fossekompni's scope 1 and scope 2 (location and market based) emissions for the period 1 January 2023 - 31 December 2023 is not, in all material aspects, calculated, estimated and reported in accordance with the Criteria.

Bergen, 11 April 2024

**PricewaterhouseCoopers AS**

Hanne Sælemyr Johansen  
State Authorised Public Accountant

# List of Abbreviations

AC	Audit Committee
AFK	Arendals Fossekompni
AM	Additive Manufacturing
AMGTA	Additive Manufacturer Green Trade Association
ARP	Activity and Reporting Obligations
BCoC	Business Partner Code of Conduct
BOD	Board of Directors
CAD	Cash Available for Distribution
CSRD	Corporate Sustainability Reporting Directive
CDP	Carbon Disclosure Project
CapEx	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoC	Code of conduct
CSO	Chief Sustainability Officer
CSR	Corporate Social Responsibility
DCF	Discounted Cash Flow
DNSH	Do No Significant Harm
EAT	Earning after tax
EBT	Earnings before tax
EBIT	Earnings before interest and taxes
EBITDA	Earnings Before Interest, Taxes Depreciation, and Amortization
EU	European union
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GWh	Gigawatt hours
HR	Human Resources
HSE	Health, Safety, and Environment
HSSE	Health, Safety, Security and Environment
IFRS	International Financial Reporting Standards

ICT	Information and Communication Technologies
IEA	International Energy Agency
ILO	Declaration of the International Labour Organisation
inp	Interestbearing current borrowings
IoT	Internet of Things
IR	Injury Rate
ISO	International Organisation for Standardisation
KPI	Key Performance Indicator
kWh	Kilowatt hours
LCA	Life Cycle Assessment
LEO	Low Earth Orbit
LTIR	Lost Time Incident Rate
MACD	Moving Average Convergence Divergence
MAR	Market Abuse Regulation
M&A	Mergers and Acquisitions
MoD	Ministry of Defense
MoU	Memorandum of Understanding
MWh	Megawatt hours
NAA	Norwegian Accounting Act
NGO	Non Governmental Organisation
NHO	Confederation of Norwegian Enterprises
NVE	The Norwegian Water Resources and Energy Directorate
OCI	Other Comprehensive Income
OECD	The Organisation for Co-operation and Development
OHS	Occupational Health and Safety
OpEx	Operating Expenditure
R&D	Research and Development
SaaS	Software-as-a-Service
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Target initiative
SCoC	Supplier Code of Conduct
SDG	Sustainable Development Goal
SQM	Square meter
TCFD	Task Force on Climate-related Financial Disclosures
TRIR	Total Recordable Incident Rate
TSC	Technical Screening Criteria
UN	United Nations
WACC	Weighted Average Cost of Capital

# Additional Reports

Activity and Reporting Obligations Report 2023  
 Carbon Accounting Report 2023  
 EU Taxonomy Report 2023  
 Green Bond Report 2023  
 Human Rights and Transparency Act Report 2023  
 Remuneration Report 2023  
 TCFD: Climate-Risk Assessment Report 2023

# About This Report

The report was published on 12 April 2024, and the information refers to the reporting period 1 January to 31 December 2023. Arendals Fossekompni publishes financial and sustainability reports on an annual basis, and prior reports can be found on our website [arendalsfossekompani.no](https://arendalsfossekompani.no).

The financial statements for the Parent Company and the Group are prepared in accordance with the principles in the International Financial Reporting Standard (IFRS) as adopted by the European Union. This report is prepared in accordance with the 2021 Global Reporting Initiative (GRI) Standard. The information related to the GRI disclosures are provided for all portfolio companies in the group, unless otherwise stated. The information regarding sustainability in the annual report is consolidated in the same way as for the financial information, where consolidated companies are included in the sustainability reporting, except for the climate accounting which is established and consolidated using an operational control method in the GHG Protocol Standard.

When writing the report Arendals Fossekompni use the previous year annual report as a starting point. When information from this report is still relevant and accurate, there will be identical information and reuse of information from the previous report. It has been discovered incorrect reported numbers for Scope 1 GHG emissions for ENRX and consequently the consolidated numbers for Arendals Fossekompni Group in 2021 and 2022. The Scope 1 emissions for the group was changed from 1,614 to 1,744 tCO<sub>2</sub>e for 2022 (+130 tCO<sub>2</sub>e) and from 1581 to 1584 tCO<sub>2</sub>e in 2021 (+3 tCO<sub>2</sub>e). This was due to incorrect calculations and emission factors for natural gas consumption. Some inaccuracies have been discovered in previous years' reporting which has led to changes in the emission figures for 2021 and 2022 for location- and market based scope 2 emissions. For information about other reporting frameworks, please refer to the 4.0 Sustainability chapter of this report.

The report has been read and approved by senior executives and the Board of Directors of Arendals Fossekompni. To ensure transparency and reliability of the reported GRI Index and Scope 1 and Scope 2 GHG emissions, a limited assurance has been carried out by our auditing firm PricewaterhouseCoopers (PwC). A statement on the assurance is available as an appendix to this report.

For questions about this report and its contents, please contact our Chief Financial Officer, Lars Peder Fensli at [lars.peder.fensli@arendalsfoss.no](mailto:lars.peder.fensli@arendalsfoss.no). For questions related to sustainability, please contact our Chief Sustainability Officer, Ingunn Ettestøl at [ingunn.ettestol@arendalsfoss.no](mailto:ingunn.ettestol@arendalsfoss.no).

