

ONS

2023

Q3

FOR GENERATION

ATIONS

FOR GEN

GENERATIONS

FOR GENERATIONS

GENERATIONS

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 create value and make a difference. To enable the transition to a more sustainable future we offer human and financial resources to renew and advance industries. Our competence is particularly strong in areas such as renewable energy, electrification, materials, digitalization, and big data analytics.

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

For generations.

Highlights Q3 2023

Lower electricity prices

Electricity prices in the NO2 price area were significantly lower in the third quarter compared to the record-breaking high prices in the same quarter last year. Lower prices contributed to lower results for the group.

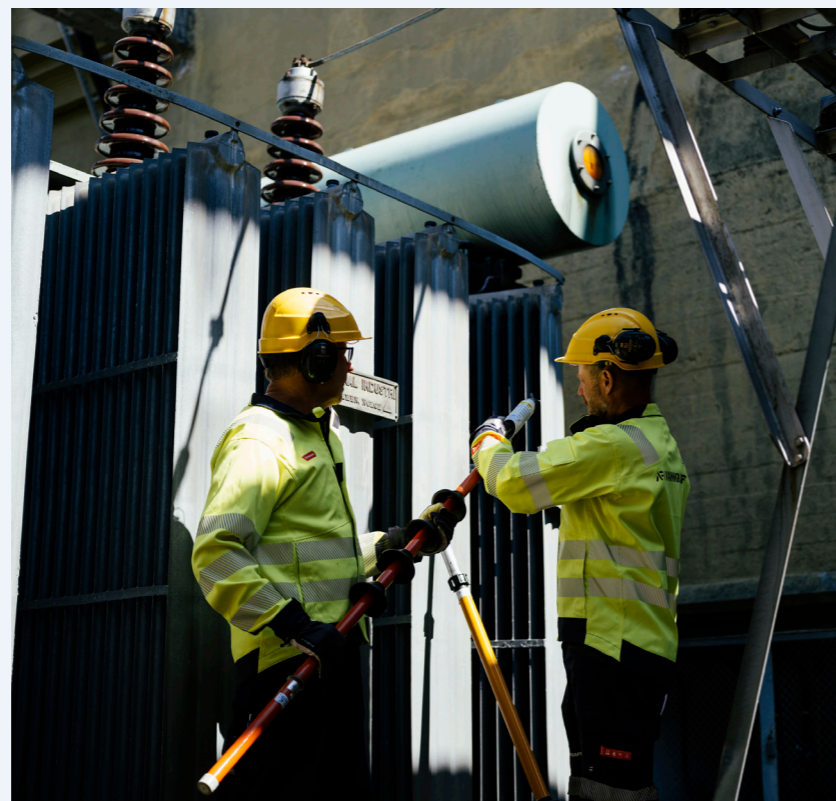
NOK 1.00

Dividend to be paid in November

Arendals Fossekompani will pay its shareholders a quarterly dividend of NOK 1.00 per share for Q3 2023.

10% increase in revenues

Total revenues for the group in the third quarter amounted to NOK 1,224 million, 10% higher than the same quarter last year.



Higher revenues and improved margins across several portfolio companies

value

Value's revenues increased by 14% in Q3 2023 compared to the same quarter last year, while also improving the company's operating margin.

TEKNA

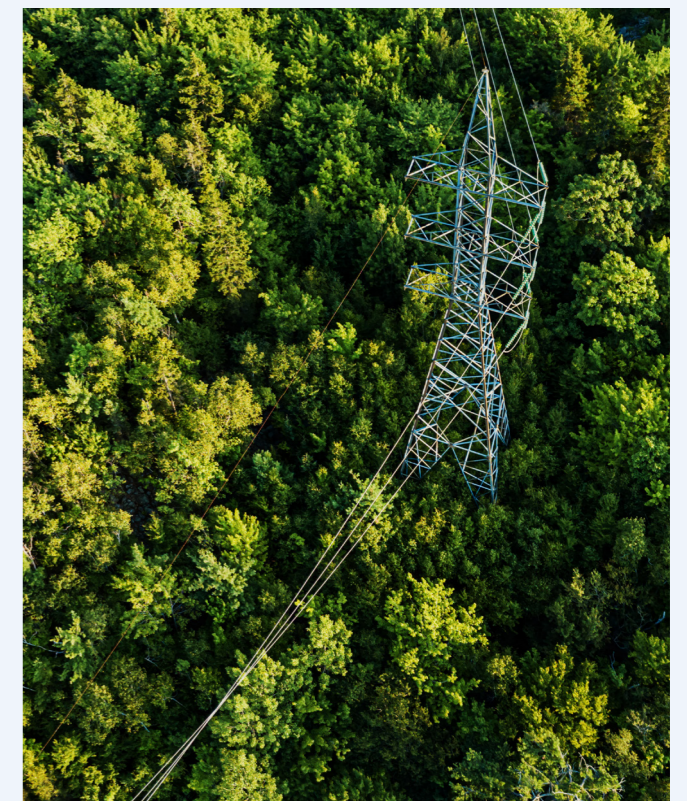
Tekna's margins continue to improve and revenues are up by 53% compared to the same quarter last year.

ENRX

ENRX increased revenues by 8% in Q3 2023 compared to same quarter last year. Operating margin improved from 4% to 7% during the same period.

Continued ramp-up of growth companies

alytic ampwell

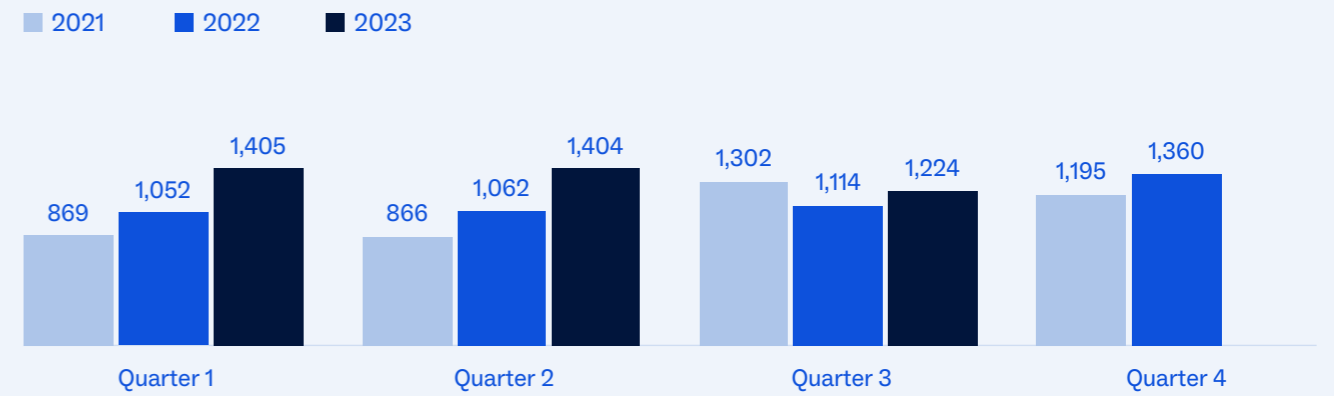


Financial Highlights Q3 2023

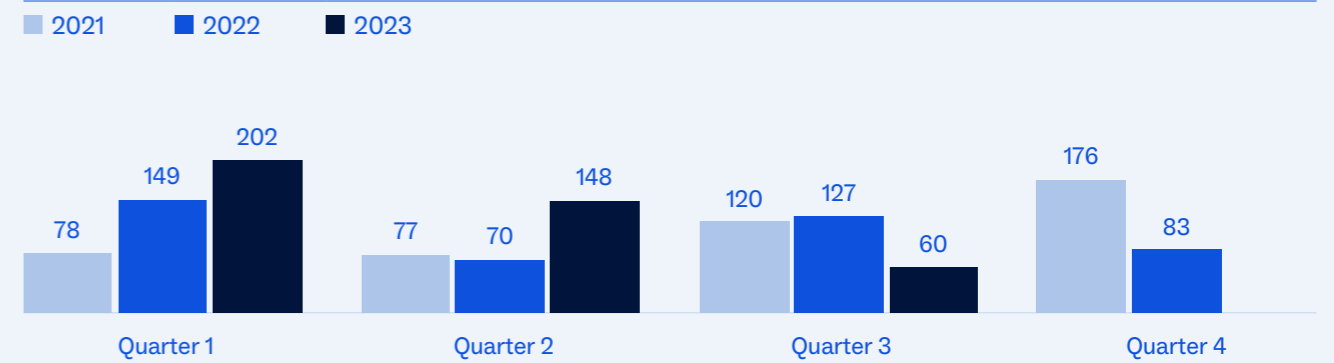
FINANCIAL KPIs (MNOK)

		Q3 2023	Q3 2022	YTD 2023	YTD 2022
Arendals Fossekompani consolidated	Revenue and other income	1,224	1,114	4,034	3,227
	Operating profit	60	127	409	346
	Margin	5%	11%	10%	11%
Operating profit by company	Volue	25	19	97	44
	NSSLGlobal	47	76	163	189
	Alytic	-22	-12	-60	-29
	Tekna	-22	-45	-52	-112
	ENRX	29	12	77	25
	AFK Parent (Vannkraft & Management)	34	90	272	269
	Ampwell	-27	-10	-73	-30
	Vergia	-2	-2	-5	-6
	AFK Property	-3	-2	-8	-4
	Operating profit	60	127	409	346
Profit before income tax	24	122	410	346	
Profit (-loss) for the period	-54	31	58	90	

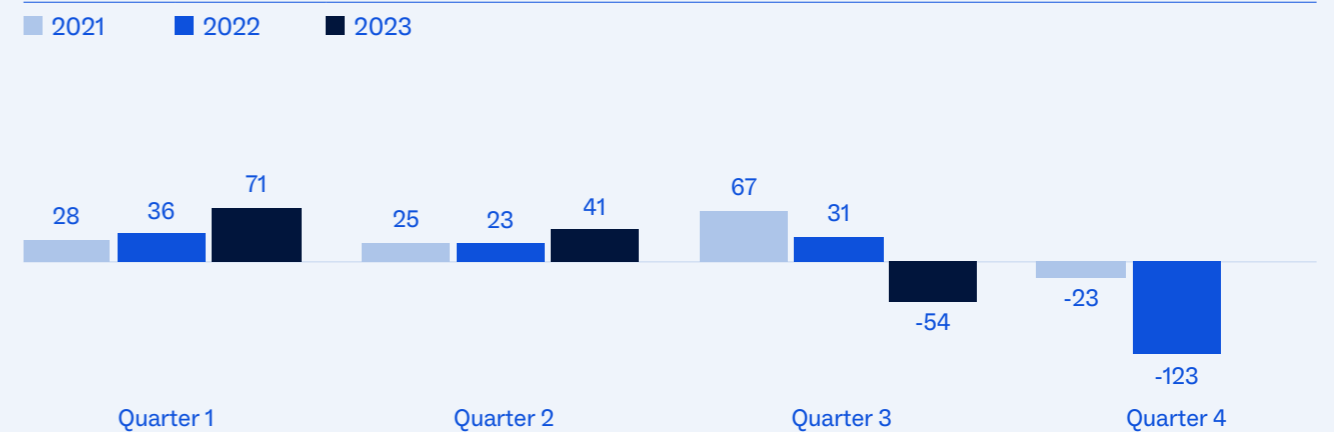
REVENUE AND OTHER INCOME (MNOK)



OPERATING PROFIT (MNOK)



PROFIT (-LOSS) FOR THE PERIOD (MNOK)



Arendals Fossekompani in the world



NUMBER OF EMPLOYEES BY COUNTRY

Norway	813	USA	89	Brazil	16	Israel	5
Germany	359	Romania	80	Thailand	12	Spain	5
India	229	France	72	Malaysia	8	South Korea	2
China	192	Denmark	65	Japan	7	Austria	1
Canada	180	Sweden	59	Italy	6		
United Kingdom	171	Finland	47	Netherlands	6		
Poland	126	Switzerland	22	Singapore	6	Total	2,578

Dots on map reflect approximate locations.

Arendals Fossekompani Parent Company

AFK Group Management and AFK Vannkraft (Hydropower), AFK Property

Employees
40

Head office
Arendal, Norway

Countries
Norway

Volue

Employees
820

Head office
Oslo, Norway

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

NSSLGlobal

Employees
238

Head office
London, UK

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

Alytic

Employees
122

Head office
Arendal, Norway

Countries
Norway, Germany, Netherlands

Tekna

Employees
218

Head office
Sherbrooke, Canada

Countries
Canada, France, China, South Korea

ENRX

Employees
1,077

Head office
Skien, Norway

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

Ampwell

Employees
60

Head office
Arendal, Norway

Countries
Norway, Germany

Vergia

Employees
3

Head office
Arendal, Norway

Countries
Norway

Arendals Fossekompani Group



FINANCIAL FIGURES (MNOK)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	1,224	1,114	4,034	3,227
Operating profit	60	127	409	346
Operating margin	5%	11%	10%	11%
Earnings before tax (EBT)	24	122	410	346
Earnings after tax (EAT)	-54	31	58	90
Operating cash flow	-45	-166	-277	217
NIBD	194	-1,139	194	-1,139
Equity	3,754	4,243	3,754	4,243
Equity ratio	43%	55%	43%	55%

Currency rates (NOK/CAD)

Average Q3 2023: 7.78. Average Q3 2022: 7.34 End Q3 2023: 7.91. End Q3 2022: 7.90

Currency rates (NOK/GBP)

Average Q3 2023: 13.03. Average Q3 2022: 11.81 End Q3 2023: 13.02. End Q3 2022: 11.99

Currency rates (NOK/EUR)

Average Q3 2023: 11.35. Average Q3 2022: 10.01 End Q3 2023: 11.25. End Q3 2022: 10.58



Arendals Fossekompani has proud traditions in power production and owns and operates two hydropower plants. In addition, Arendals Fossekompani operates globally in many technology industries including 3D printing, algo trading, satellite services, battery and solar technology, software, digitalisation, and induction technology.

Head office
Arendal, Norway

Chair
Trond Westlie

Chief Executive Officer
Benjamin Golding

Employees
2,578

Countries
25

Arendals Fossekompani is an industrial investment company holding nine core investments and a portfolio of financial investments. These operations employ approximately 2,500 people in 25 countries.

HIGHLIGHTS OF Q3 2023

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

Total revenues for the Group amounted to NOK 1,224 million (1,114 million) in the third quarter. Consolidated earnings before tax came in at NOK 24 million (122 million). Ordinary profit after tax, but before non-controlling interests, totaled NOK -63 million (31 million). Total operating revenues increased by 10% compared to the same quarter last year, largely driven by growth in portfolio companies Volue, ENRX and Tekna. The reduced operating profit compared to 2022, was mainly driven by lower electricity prices leading to lower profits from the hydropower division. Portfolio company NSSLGlobal is also experiencing lower profit levels compared to unusually high margins last year. Operating in international markets, the AFK Group is naturally exposed to currency fluctuations. A weakened NOK has in general led to positive currency effects for the group.

VOLUE

Volue generated solid growth rates during the third quarter, with total operating revenues amounting to NOK 334 million (NOK 294 million). Revenue growth was driven by all business segments, as well as a positive impact from currency fluctuations. Recurring revenues constituted 76% of total revenues and reached NOK 254 million in the quarter, an increase of 40% from the third quarter of 2022. SaaS revenues of NOK 105 million in the quarter translates to an increase of 50% compared to the third quarter of 2022. SaaS revenues are now 31% of Volue's total revenues. Adjusted EBITDA totaled NOK 63 million (50 million), equal to an adjusted EBITDA margin of 19% (17%).

ENRX

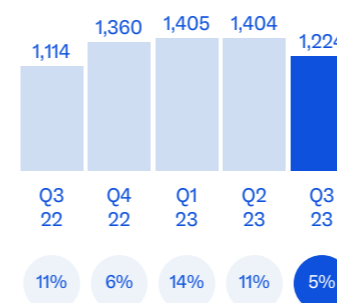
ENRX reported third quarter operating revenues of EUR 36.8 million (EUR 34.2 million), an 8% increase from the same quarter in 2022. Revenue growth was driven by higher activity levels within the Heat division, as well as a smaller contribution from the Charge division. The company achieved solid growth in Europe, while some sliding project deliveries held back revenues in Asia and North America. EBIT for the quarter ended at EUR 2.6 million (EUR 1.2 million). EBIT in the quarter corresponded to a margin of 7%, compared to 4% in the same quarter last year.

NSSLGLOBAL

NSSLGlobal continues to report strong sales as well as solid order intake, but margins are down compared to last year when ramp up of the Ukraine conflict contributed to government and equipment sales. Revenues in the third quarter were GBP 21.4 million (GBP 22.1 million) and the operating profit ended at GBP 3.5 million (GBP 6.5 million), corresponding to an operating margin of 16% (29%). The company is seeing profits normalizing after a long period of unusually high profit levels. This development has been expected for some time. NSSLGlobal's sales and pipeline continue to be strong across both governmental and maritime sectors.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK) and operating margin



TEKNA

Tekna revenues for the quarter came in at CAD 9.1 million (CAD 5.9 million), representing 53% growth compared to the same quarter last year. Adjusted EBITDA was CAD -1.7 million, a significant improvement from CAD -3.9 million in the third quarter last year. Tekna continues to experience strong demand for its advanced materials and systems. Total order backlog at the end of the quarter was CAD 23.7 million, a 58% increase from same quarter last year. The backlog was supported by CAD 10.4 million order intake in the reported period, up from CAD 6.5 million in the previous quarter.

AFK VANNKRAFT

AFK Vannkraft's hydropower plants produced 115 GWh in the third quarter, up from 42 GWh in the same quarter last year. However, electricity prices in the NO2 price area were significantly lower than the extra ordinary high prices in the third quarter 2022. Total revenues for the quarter amounted to NOK 77 million (NOK 125 million) and the operating profit came in at NOK 34 million (NOK 90 million).

AMPWELL

Total revenues for Ampwell amounted to EUR 2.0 million (EUR 3.4 million) in the third quarter. Ampwell is in early-stage development, hence fluctuating revenues and profits are expected. In addition, lower third quarter revenues in Commeo are partly driven by a German temporary general price cap on electricity prices, which delayed investment in new storage. Operational ramp-ups of both Commeo and Collect Energy, as well as the Ampwell parent company, contributed to a negative operating profit of EUR -1.8 million (EUR -0.9 million) in the quarter.

EVENTS AFTER THE CLOSE OF THE QUARTER

On November 9, the Board of Directors decided to pay an ordinary cash dividend of NOK 1.00 per share for the third quarter of 2023. The dividend is set to be paid on 22 November 2023.

FINANCIAL POSITION

Arendals Fossekompani's financial position remains solid. The parent company's available cash on 30 September amounted to NOK 1,124 million. In addition, the company has undrawn credit facilities of NOK 1,256 million, securing available liquidity of NOK 2,380 million as per end of the quarter.

OUTLOOK

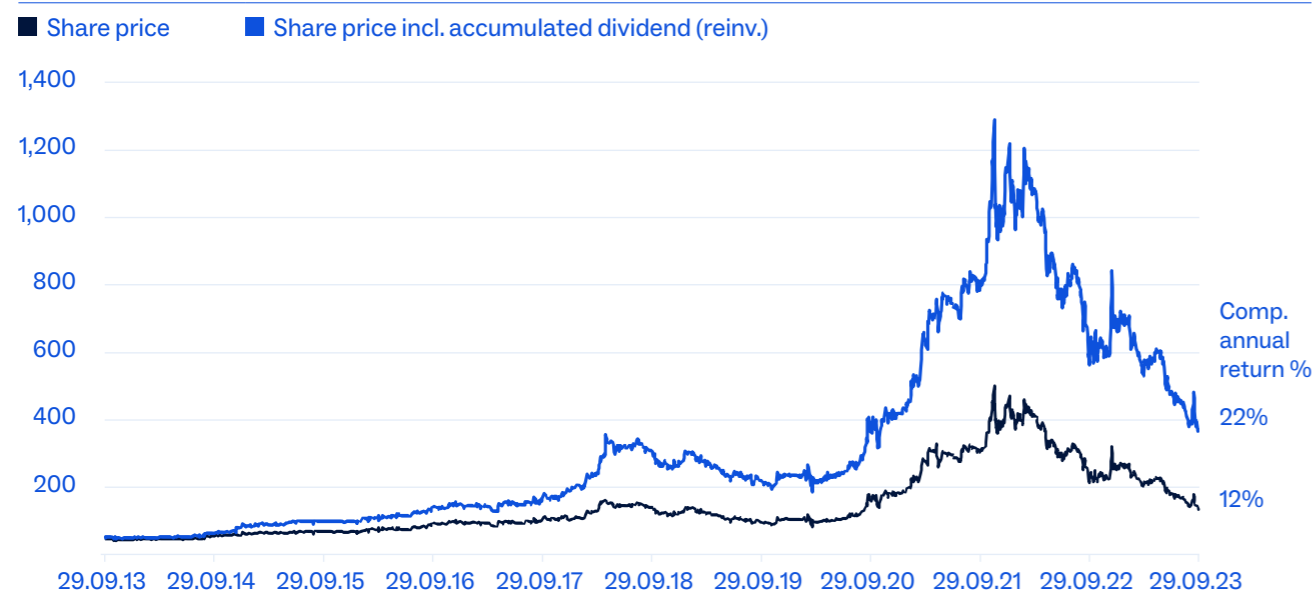
There is uncertainty associated with the global geopolitical situation, the wars in Ukraine and Gaza, supply chain constraints, inflation, rising interest rates and the development of energy prices. In this unpredictable environment, Arendals Fossekompani's solid financial position enables continued support of the portfolio companies, both in handling short-term challenges but also in continued investments to strengthen their long-term competitiveness. In light of the market's estimated power price trend for 2023, revenues and operating profit for AFK Vannkraft is expected to be lower than in 2022. Revenues and operating profit from AFK Vannkraft is expected to further decrease in 2024.

Following high activity levels in all portfolio companies, 2023 revenue and operating profit for AFK Group as a whole is expected to be higher than in 2022. In particular driven by positive outlook for Volue, ENRX and Tekna, AFK expects continued revenue growth for the Group in 2024, whilst operating profit is expected to be in line with 2023.

SHARE PRICE

There is a total of 55,995,250 shares in the company. The share price on 30 September 2023 was NOK 137.8 (NOK 233.0), corresponding to a decrease of 38% the last 12 months. When including direct yield (dividend payouts) in the same period, the decrease in shareholder value was 36%. Arendals Fossekompani's total market capitalization was NOK 7.7 billion at the end of September 2023. For the 10-year period from September 2013 to September 2023, compounded annual return to Arendals Fossekompani's shareholders was 12% (22% including dividends).

SHARE PRICE LAST 10 YEARS (NOK)



Group Management



FINANCIAL FIGURES (MNOK)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	2	2	10	9
Operating profit (EBIT)	-24	-22	-54	-64
Operating margin	-	-	-	-
Earnings before tax (EBT)	-38	-13	133	489
Earnings after tax (EAT)	-40	-14	122	471



Arendals Fossekompani Group Management employs 18 people at the head office in Arendal. The team focuses on identification and development of new sustainable business opportunities, active ownership of portfolio companies, hydropower generation, property projects, and management of financial investments.

Head office
Arendal, Norway

Chair
Trond Westlie

Chief Executive Officer
Benjamin Golding

Employees
18

Countries
1

Combining industrial, technological, and capital markets expertise, Arendals Fossekompani's Group Management identifies and develops opportunities for value creation. As an active owner of our portfolio companies, we drive strategy developments, financing, restructuring and transactions, performance management, and secure strong and competent boards and management teams to ensure long-term sustainable value creation.

Arendals Fossekompani has an attractive portfolio positioned in verticals driven by global megatrends, such as Green Energy, Digitalisation & Big Data Analytics, and Electrification & Materials. Our companies encompass both publicly listed and privately owned entities, with Arendals Fossekompani serving as the majority owner as part of our strategic approach.

Arendals Fossekompani Group Management continues to focus on developing the portfolio of companies through active ownership.

FINANCIAL POSITION

Arendals Fossekompani's financial position remains solid. The parent company's available cash on 30 September amounted to NOK 1,124 million. In addition, the company has undrawn credit facilities of NOK 1,256 million, securing available liquidity of NOK 2,380 million as per end of the quarter.

Arendals Fossekompani Assets

We invest with a long term-perspective. Our investments are concentrated within four areas: Digitalization & Big Data Analytics, Electrification & Materials, Green Energy and Property.

Digitalization & Big Data Analytics

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

value

AFK ownership 60%	Head office Oslo, Norway
Market cap (30.09) 3,129 MNOK	Listed at Oslo Børs



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 smartness into the electric future and companies that enable more efficient manufacturing of better products.

TEKNA

AFK ownership 71%	Head office Sherbrooke, Canada
Market cap (30.09) 1,002 MNOK	Listed at Oslo Børs

ENRX

AFK ownership 95%	Head office Skien, Norway
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Green Energy

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 develop more sustainable energy sources.

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
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Our portfolio of Digitalization & Big Data Analytics Companies



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

value

AFK ownership
60%

Market cap (30.09)
3,129 MNOK

Head office
Oslo, Norway

Listed at
Oslo Børs

NSSLGlobal

AFK ownership
80%

Head office
London, UK

alytic

AFK ownership
95%

Head office
Arendal, Norway

Volue

Portfolio company



FINANCIAL FIGURES (MNOK)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	334	294	1,073	878
EBITDA	58	46	185	124
Adjusted EBITDA*	63	50	181	139
Operating profit	25	19	97	44
Operating margin	7%	6%	9%	5%
Earnings before tax (EBT)	20	22	94	48
Operating cash flow	-92	70	-1	228
NIBD	87	-488	87	-488
Equity	870	811	870	811
Equity ratio	45%	47%	45%	47%

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

volue

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

Head office
Oslo, Norway

Chair
Benjamin Golding

Chief Executive Officer
Trond Straume

Ownership
60%

Employees
820

Countries
9

HIGHLIGHTS OF Q3 2023

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

The transformation towards recurring revenues and Software-as-a-Service (SaaS) continues. SaaS revenues were NOK 105 million in the quarter, an increase of 50% compared to the third quarter of 2022, representing 31% of total revenues. Large ongoing changes in the end market drives growth and further business opportunities for Volue.

Total operating revenues in the third quarter amounted to NOK 334 million (294 million), corresponding to a growth rate of 14% compared to the third quarter of 2022. Adjusted EBITDA in the quarter totalled NOK 63 million (50 million), corresponding to an adjusted EBITDA of 19% (17%). The growth rates were positively influenced by fluctuations in exchange rates, representing a 5 percentage point additional growth impact when comparing with Q3 2022. Growth in the cost base driven by currency fluctuations was comparable at 6 percentage points, resulting in a slightly negative impact on EBITDA.

The Energy Segment generated NOK 180 million in the third quarter, representing an increase of 16% compared to the third quarter last year. The Energy segment faced headwinds in non-recurring volatility-driven revenues when compared to the third quarter of 2022. As indicated and expected, these revenues came down, and the effect was approximately NOK 30 million in the third quarter. The abnormal volatility revenues are estimated to NOK 60 million for the full year 2022. Achieving the reported operating revenues in the absence of said non-recurring revenues suggests strong development in ARR and SaaS, and a very healthy improvement in the underlying business.

For the Power Grid Segment, operating revenues in the third quarter amounted to NOK 65 million, equal to a growth rate of 18% compared with the same quarter last year. Increased delivery capacity following good sales has laid the foundation for progress in the area.

The Infrastructure segment generated revenues of NOK 57 million in the third quarter, up from NOK 48 million in the same quarter last year, corresponding to 19% growth. Based on a one-country-at-a-time expansion strategy, Volue is currently taking the construction offering to Sweden.

Recurring revenues constituted 76% of total revenues and reached NOK 254 million in the quarter, an increase of 40% from the third quarter of 2022. Volue is working on several new initiatives, such as Distributed Energy Resources and new products related to optimisation and trading solutions.

OUTLOOK

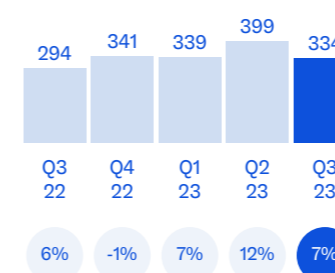
Since listing, Volue has prioritised strategic investments in its SaaS platform and expansion into new markets. This has created short- to mid-term EBITDA impact as the company pursues business opportunities in the market. Measures are in place to counter margin effects, and Volue targets year-by-year improvement in profitability and cash-conversion.

Volue maintains the following long-term guidance to the market

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

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



NSSLGlobal

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	285	260	890	767
Operating profit	47	76	163	189
Operating margin	16%	29%	18%	25%
Earnings before tax (EBT)	50	77	164	190
Operating cash flow	71	32	117	123
NIBD	-364	-339	-364	-339
Equity	571	524	571	524
Equity ratio	55%	56%	55%	56%

Currency rates (NOK/GBP)

Average Q3 2023: 13.03. Average Q3 2022: 11.81 End Q3 2023: 13.02. End Q3 2022: 11.99



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

Head office
London, UK

Chair
Arild Nysæther

Chief Executive Officer
Sally-Anne Ray

Ownership
80%

Employees
238

Countries
10

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

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

HIGHLIGHTS OF Q3 2023

Revenues for the third quarter were GBP 21.4 million, GBP 0.7 million lower than the same quarter last year. Operating profit in the quarter was GBP 3.5 million, compared to GBP 6.5 million in the third quarter last year. This reduction was in part due to reduced gross margin as a result of high government and equipment invoicing in 2022 which was connected to the initial ramp up of the Ukraine conflict, and in part due to GBP 1.5 million of foreign exchange gains in third quarter 2022 - compared to foreign exchange losses in third quarter this year.

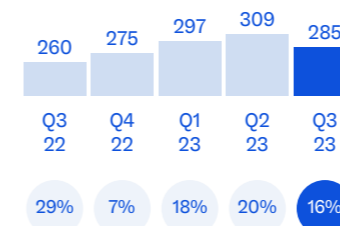
During the quarter, NSSLGlobal won GBP 10.0 million of new business opportunities, of which a significant portion is either maritime or governmental project and system work. Contracts won during the quarter include two European navy tenders for the installation, roll-out and support of maritime satellite communications, crew welfare and entertainment services with NSSLGlobal's Snap-TV product at the core of our offering. NSSLGlobal also announced a contract extension and SMART@SEA upgrade across the Hermann Lohmann Bereederungen GmbH & Co KG fleet, and a contract with the Bavarian State Ministry for the Environment and Consumer Protection for emergency communications.

OUTLOOK

NSSLGlobal expects 2023 and 2024 revenues to be in line with revenues in 2022. Operating profit is expected to be lower in 2023 compared to 2022, and further decrease next year, largely driven reduced airtime margins as a result of the less expected government airtime.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Alytic

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	13	10	34	28
Operating profit	-22	-12	-60	-29
Operating margin	-	-	-	-
Earnings before tax (EBT)	-22	-12	-61	-30
Operating cash flow	-12	-9	-43	-27
NIBD	-11	-30	-11	-30
Equity	121	107	121	107
Equity ratio	61%	75%	61%	75%

alytic

Alytic invests in data businesses with strong domain competence and works actively with them to develop and market scalable, data-rich products based on a SaaS business model. 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.

Head office
Arendal, Norway

Chair
Lars Peder Fensli

Chief Executive Officer
Espen Zachariassen

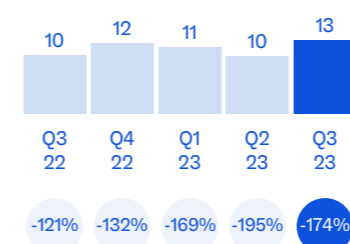
Ownership
95%

Employees
122

Countries
3

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



HIGHLIGHTS OF Q3 2023

The Alytic portfolio is delivering on important strategic milestones as the portfolio companies launch new products and grow revenues. In each portfolio company, the initial focus has been to establish a foundation for growth and technological development. We are seeing the results of this, with the portfolio continuing to grow annual recurring revenues (ARR) quarter by quarter. In the third quarter of 2023, ARR grew to NOK 39 million, which represents an 8% increase compared to the previous quarter. ARR growth year-to-date is 52%.

KONTALI

Kontali is experiencing strong demand and customer growth on Edge, a seafood insights portal that was launched in Q4 2022. In the third quarter, Kontali grew ARR by 14% compared to the previous quarter. During the quarter, Kontali launched a new global shrimp insight offering and strengthened its salmon offering with a new API and further data transparency. Following the close of the quarter, Thomas Aas resigned as CEO and Head of Analysis Lars Erik Flatøy took on the role of interim-CEO.

VEYT

Veyt grew ARR by 38% in the third quarter compared to the second quarter. Veyt has been focused on the EU ETS product which was successfully launched as planned in the first week of October and presented at the Carbon Forward conference in London the following week. Veyt's efforts to build a position in the field have been further rewarded through articles in both the Financial Times and Wired. Outlook is good, Veyt has a skilled and dedicated management team leading an organization that is fully up to speed and delivering a constantly improving product which gains more traction by the day. With new products to sell at higher price points, the outlook for ARR development in Q4 is good.

FACTLINES

Factlines soft-launched their rewritten and redesigned supply chain transparency software at the end of the previous quarter. During Q3, Factlines has been preparing full launch of the software and migration of all existing customers to the new solution in Q4. Factlines' EU Taxonomy product is in development and will launch with pilot customers in Q4. Factlines grew ARR by 5% in Q3 compared to the previous quarter.

UTEL

Utel is continuing to test and develop a general solution for anomaly detection, with a particular focus on fraud detection for communication service providers. With the development of a marketable solution for fraud detection as an important goal, Utel made further progress in Q3 towards establishing a collaboration agreement with a key customer. With a strong emphasis on outbound sales, Utel's sales pipeline is strong and ARR movement in the coming quarters is expected.

OUTLOOK

All portfolio companies have experienced significant growth in terms of headcount and new areas of competence within a short timeframe. It has been a priority to ensure that the expanding companies function effectively. The organisations are starting to operate more effectively, with continuous product launches and upgrades following investments throughout 2023. Coupled with investments in and build-up of strong sales and marketing teams, Alytic expects strong ARR-growth in the coming quarters.

Alytic works closely with all portfolio companies and has committed new capital to accelerate their development. Alytic is also exploring new investment opportunities.

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 the electric future and companies that enable more efficient manufacturing of better products.

TEKNA

AFK ownership
71%

Market cap (30.09)
1,002 MNOK

Head office
Sherbrooke, Canada

Listed at
Oslo Børs

ENRX

AFK ownership
95%

Head office
Skien, Norway

Tekna

Portfolio company



FINANCIAL FIGURES (MNOK)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	71	46	230	147
EBITDA	-14	-37	-28	-91
Adjusted EBITDA*	-13	-29	-27	-73
Operating profit	-22	-45	-52	-112
Operating margin	-	-	-	-
Earnings before tax (EBT)	-30	-48	-69	-127
Operating cash flow	-14	-32	-91	-133
NIBD	100	-70	100	-70
Equity	353	467	353	467
Equity ratio	57%	79%	57%	79%

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

Currency rates (NOK/CAD)

Average Q3 2023: 7.78. Average Q3 2022: 7.34 End Q3 2023: 7.91. End Q3 2022: 7.90

TEKNA

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

Head office
Sherbrooke, Canada

Chair
Dag Teigland

Chief Executive Officer
Luc Dionne

Ownership
71%

Employees
218

Countries
4

HIGHLIGHTS OF Q3 2023

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

In the third quarter of 2023, revenue came in at CAD 9.1 million, a 53% increase from the same period last year. Both Systems (+121%) and Advanced Materials (+25%) contributed to the revenue growth.

Adjusted EBITDA for the third quarter was CAD -1.7 million, a significant improvement from CAD -3.9 million in the same period last year. Compared to previous quarters, lower revenue from materials contributed negatively due to vacation seasonality in North America and Europe. The year-on-year profitability improvement is mainly driven by revenue growth and increased contribution margin from last year showing strong organizational productivity. Tekna is maintaining cost control while scaling revenues and managing inflationary costs increases.

Tekna has strengthened the company's cash position. Earlier this year Tekna agreed with Arendals Fossekompani on the terms of a CAD 25 million loan facility, and in July this year, the second of three tranches was released and made available to support Tekna's further growth.

Tekna continues to experience strong demand for its products. Total order backlog at the end of the quarter was CAD 23.7 million, a 58% increase from third quarter last year. The backlog was supported by CAD 10.4 million order intake in the period, up from 6.5 million in the second quarter.

The Systems market continues to thrive with several new contracts awarded. Nine plasma machine orders have been announced to date this year, at a total value of CAD 8.1 million, from customers in industrial and academic sectors in Asia, Europe and North America. Gross margin for Systems has been sustained, as pricing for systems are adjusted to reflect cost inflation.

Within Advanced Materials, Tekna is responding to increased customer demand with successful implementation of capacity and productivity improvement programs. There is a continued high demand for Tekna's products in the market, and the increased capacity translates to higher material availability, shorter delivery lead-times and increased sales in 2023.

OUTLOOK

Tekna's strategy, technology and products are considered highly relevant in today's global markets, which are marked by geopolitical turmoil, economic uncertainty, an urge for sustainability and increased predictability. The company's customers are transitioning towards new technology, moving manufacturing closer to markets whilst considering more sustainable production processes. Additive Manufacturing (AM) remains the most prominent segment for Tekna materials at present with a projected AM materials market growth of up to 30% per year (source: Smartech 2022).

Tekna expects revenues to be higher and operating profit to improve in 2023 compared to 2022. The company expects further improved revenue and operating profit in 2024.

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

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



ENRX

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	420	343	1,313	950
Operating profit	29	12	77	25
Operating margin	7%	4%	6%	3%
Earnings before tax (EBT)	15	6	42	14
Operating cash flow	2	1	-54	-89
NIBD	643	510	643	510
Equity	395	464	395	464
Equity ratio	20%	26%	20%	26%

Currency rates (NOK/EUR)

Average Q3 2023: 11.35. Average Q3 2022: 10.01 End Q3 2023: 11.25. End Q3 2022: 10.58

ENRX

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

Head office
Skien, Norway

Chair
Benjamin Golding

Chief Executive Officer
Bjørn E. Petersen

Ownership
95%

Employees
1,086

Countries
20

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

HIGHLIGHTS OF Q3 2023

Total operating revenues in the third quarter amounted to EUR 36.8 million, an 8% increase from the same quarter in 2022. Some sliding project deliveries in Asia and North America are holding back the revenue somewhat as deliveries are pushed into the fourth quarter. Revenue growth was driven by a higher activity level within Heat and a smaller contribution from the Charge division. The company saw solid growth in the European region in the quarter compared to the same period last year, while the above-mentioned sliding deliveries were holding Asia and North America slightly back.

Operating costs increased in the quarter, reflecting the increased sales. In addition, rising cost inflation is impacting operating costs negatively. Cost control in all regions remains a key priority and an important matter towards reaching the EBIT target for 2023.

EBIT for the quarter ended at EUR 2.6 million, up from EUR 1.2 million in the same quarter last year. The EBIT corresponds to a margin of 7% vs 4% in Q3 2022. The EBIT is still impacted by inflation effects not fully absorbed into the older parts of the order backlog.

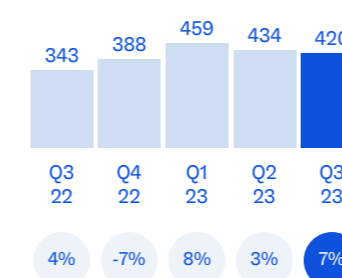
OUTLOOK

Order intake continues to grow, as it has since 2022. Total order intake for the quarter was EUR 38.1 million, compared to EUR 36.7 million in the same quarter last year. The current twelve-month rolling order intake backlog amounts to EUR 171.5 million, creating a solid fundament for continued profitable growth for the remainder of the year and also into 2024. The market for heating products is still considered strong. That being said, we expect the market to soften somewhat in the coming months. With operations in 20 countries and a global customer base, ENRX is exposed to supply chain constraints, political and economic uncertainty, and general macro trends across several continents.

Both revenue and operating profit is expected to be higher in 2023 compared to 2022, and further increase in 2024.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Our portfolio of Green Energy 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 develop more sustainable energy sources.

VANNKRAFT

AFK ownership
100%

Head office
Froland, Norway

ampwell

AFK ownership
100%

Head office
Arendal, Norway

Vergia

AFK ownership
100%

Head office
Arendal, Norway

AFK Vannkraft

Portfolio company



FINANCIAL FIGURES (MNOK)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	76	124	393	374
Operating profit	59	112	327	333
Operating margin	77%	91%	83%	89%
Earnings before tax (EBT)	59	112	327	333
Earnings after tax (EAT)	11	49	71	143

AFK VANNKRAFT

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

Head office
Froland, Norway

Chair
Trond Westlie

Operating Manager
Jan Roald Evensen

Employees
17

Countries
1

HIGHLIGHTS OF Q3 2023

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

Hydropower production in the third quarter was significantly higher than the same quarter last year, while prices came down from the extreme price levels seen in 2022. Power generation in the quarter amounted to 115 GWh (42.1 GWh). Precipitation and inflow year-to-date were respectively around 115% and 121% of the norm for the watercourse, and total reservoir levels in the watercourse were higher than normal by the end of the quarter.

Arendals Fossekompagni has a defined strategy of selling hydropower production in the day-ahead (spot) market. The average price in the NO2 price area during the third quarter was 56,6 EUR/ MWh (352 EUR/MWh), significantly lower than in the same quarter of 2022. This was partly driven by higher-than-normal precipitation and inflow levels, which were respectively 115% and 121% of the norm of the watercourse. In comparison the precipitation and inflow levels in Q3 2022 were respectively 76% and 47%. The high prices for electricity in 2022 were also affected by exceptionally high prices for gas due to uncertainty related to European gas supply. The chart below shows the weekly power prices (NO2) and power generation in the period 01/07/2022 – 30/09/2023.

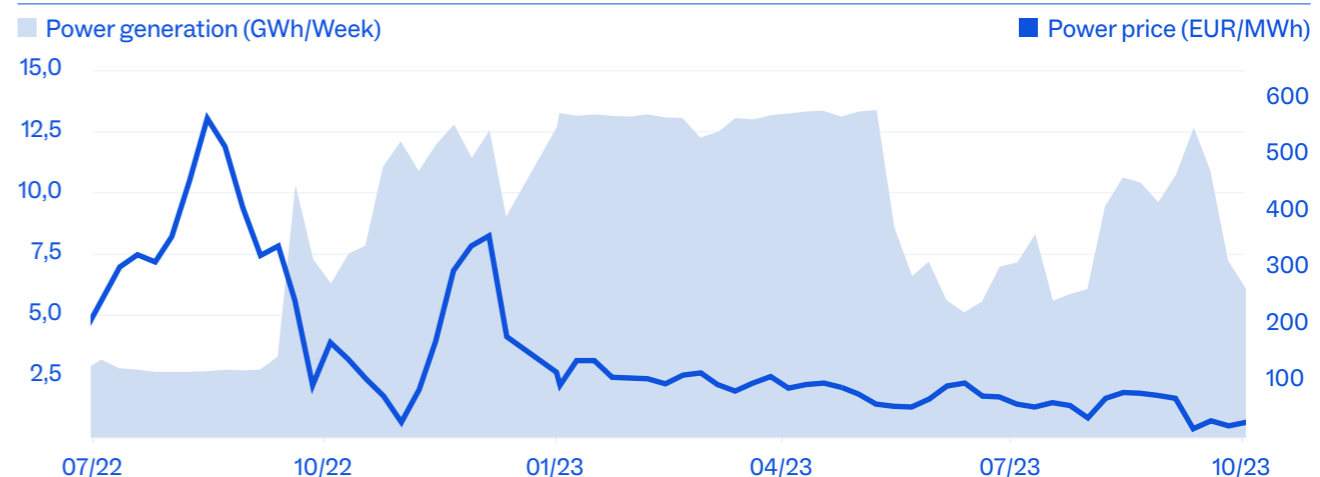
Essential maintenance routines took place in the quarter in accordance with established control procedures for the hydropower facilities.

OUTLOOK

AFK Vannkraft have started the rehabilitation of the exterior of the Bøylefoss hydropower plant building, a process that will continue into 2024. Further investments in the coming years include the upgrading of the dam facilities and reinvestment in the Bøylefoss hydropower plant. AFK Vannkraft is required by regulations to improve the dam facilities to meet climatic changes. The reconstruction of dams will start as soon as detailed requirements have been agreed with the Norwegian Water Resources and Energy Directorate (NVE). The renewal of Bøylefoss power plant includes improvement of the machinery to continue to produce renewable energy for this and future generations.

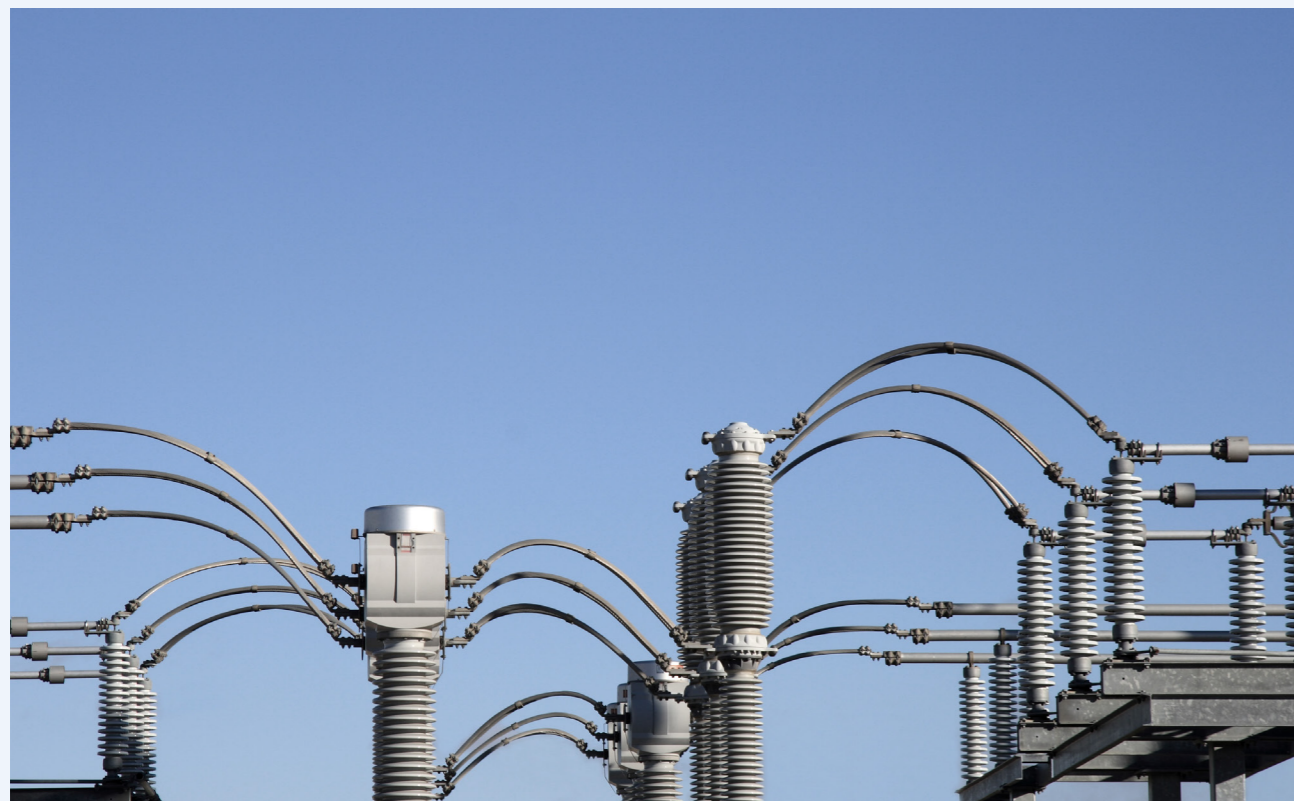
Based on long-term price expectations, revenue and operating profit from AFK Vannkraft is expected to further decrease in 2024. Actual energy prices depend on many factors, including hydrological balance, oil and gas prices, weather conditions, temperatures, and more. With limited reservoir capacity, the production volume will also be dependent on precipitation.

POWER PRICE & POWER GENERATION



Ampwell

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	24	34	95	52
Operating profit	-27	-10	-73	-30
Operating margin	-	-	-	-
Earnings before tax (EBT)	-18	-14	-78	-37
Operating Cashflow	-45	-306	-82	-55
NIBD	668	354	668	354
Equity	-28	58	-28	58
Equity ratio	-39%	121%	-39%	121%

Currency rates (NOK/EUR)

Average Q3 2023: 11.35. Average Q3 2022: 10.01 End Q3 2023: 11.25. End Q3 2022: 10.58

ampwell

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

Head office
Arendal, Norway

Chair
Torkil Mogstad

Chief Executive Officer
Torkil Mogstad

Ownership
100%

Employees
60

Countries
2

Ampwell builds an eco-system for battery technology and a Battery-as-a-Service business model, based on hardware and software from portfolio companies Commeo and Collect.

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

In 2022, Arendals Fossekompani co-founded and acquired 40% of Collect Energy, a Spanish company currently developing analysis and control software in cooperation with some of the largest energy players in Europe. The solutions are specifically designed for the stationary storage market and will help customers utilize the stored energy in the best possible manner. The solutions will be able to connect to several different batteries, independent of manufacturer and technology. Ampwell has increased its ownership in Collect Energy over time, and during third quarter 2023, Ampwell went from 51% to 61% ownership in the company.

HIGHLIGHTS OF Q3 2023

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

Revenues in the third quarter amounted to EUR 2.0 million (EUR 3.4 million). Operating profit was EUR -1.8 million (EUR -0.9 million). Ampwell is in early-stage development, hence fluctuating revenues and profits are expected. In addition, lower third quarter revenues in Commeo are partly driven by a German temporary general price cap on electricity prices, which delayed investment in new storage. Commeo is also orienting sales towards larger and more valuable industrial companies, which require longer sales processes. Operational ramp-ups of both Commeo and Collect Energy, as well as Ampwell parent company, contributed to negative margins in the quarter.

The construction of Commeo's new semi-automatic production facilities is currently ongoing. The first part of the new production facilities is estimated to be finalized in the second half of 2024 and will over time enable up to 1 GWh production capacity.

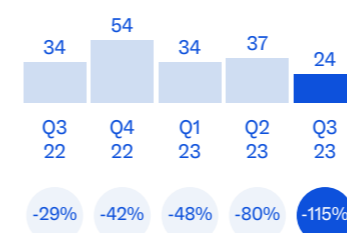
Following the launch of an important pilot project with Volkswagen charging company Elli in July, Collect is now targeting several companies with utility scale portfolios of storage assets that need to be managed. Being able to provide both analytics and control functions makes Collect's service offering unique compared to the competition.

OUTLOOK

For 2023, Ampwell expects to generate higher revenues compared with 2022. The company expects further revenue growth in 2024. Operating profit is expected to improve but remain negative throughout the period due to the ramp-up phase of production of battery modules and development of related software solutions.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Vergia

Portfolio company



FINANCIAL FIGURES (MNOK)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	-	-	0	-
Operating profit	-2	-2	-5	-6
Operating margin	-	-	-	-
Earnings before tax (EBT)	-11	-3	-24	-10
Operating cash flow	-2	2	-13	-1
NIBD	34	-12	34	-12
Equity	-15	18	-15	18
Equity ratio	-56%	88%	-56%	88%



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

Head office
Oslo, Norway

Chair
Benjamin Golding

Chief Executive Officer
Martin Kjäll-Ohlsson

Ownership
100%

Employees
3

Countries
1

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

SMALL-SCALE HYDROPOWER

Vergia has two small-scale hydropower development projects; Kilandsfoss and Glomsdam, which can contribute with an annual power production of 38 and 7 GWh, respectively. 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 2025.

AMMONIA

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

OFFSHORE WIND

Arendals Fossekompani and Ferd, two of Norway's leading industrial investment companies, have come together to establish the offshore wind company Seagust. Seagust is structured as a 50:50 joint venture between Vergia and Ferd, with a mandate to become an offshore wind developer with operations domestically and internationally. After the end of the quarter, Seagust and partner Vattenfall announced that the consortium will not enter a bid for the Norwegian Sørlige Nordsjø II area.

HYDROGEN

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

ENERGY PARKS

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

Our portfolio of properties

The Arendal Fossekompagni portfolio of properties include 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 | Property

AFK ownership
100%

Head office
Arendal, Norway

AFK Property

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and other income	4	4	13	31
Operating profit	-3	-2	-8	-4
Operating margin	-	-	-	-
Earnings before tax (EBT)	-2	-3	-10	-6
Operating cash flow	-4	-2	1	-22
NIBD	164	115	164	115
Equity	193	209	193	209
Equity ratio	33%	50%	33%	50%

AFK Property

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

Head office
Arendal, Norway

Chair
Lars Peder Fensli

Chief Executive Officer
Tom Krusche Pedersen

Ownership
100%

Employees
5

Countries
1

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 create 500-700 residential units in combination with exciting trade and commerce offerings.

The third stage of the apartment complex at Bryggebyen is progressing according to plan, with 44 of 48 apartments sold per end of the quarter, with this totaling 157 of 161 apartments sold. The planning process for the fourth stage has started.

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 scheduled for early 2024. If the regulation process progresses according to expectations, building will start in 2024.

ARENDAK AIRPORT & PROPERTY GULLKNAPP

AFK Property is the majority owner of Gullknapp, which comprises 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. Future plans include developing the airport facility into a center for drones as well as a hub for electrified aviation under the name Gullknapp Aerial Center.

BØLEVEGEN 4

This property, located along the Skien River, just one kilometer south of downtown Skien, was acquired in 2020. The 4,700 sqm building is fully let to Arendals 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

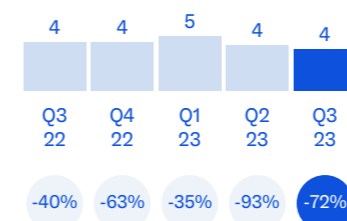
This 170,000 sqm property is located outside the city of Arendal, close to the E18 highway and the main production site of the coming Morrow Batteries factory. After the process to regulate the Longum property for commercial development started, the first inquiries for purchasing and/or renting space have been registered.

BEDRIFTSVEIEN 17

Bedriftsveien 17 is located 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 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.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Shareholder Information Outlook

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

SHARES AND SHAREHOLDERS

There are a total of 55,995,250 shares in the company. At the end of the third quarter, a total of 1,172,156 were treasury shares. The share price was NOK 137.8 on 30 September 2023 and NOK 182.0 on 30 June 2023.

RISK AND UNCERTAINTIES

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

RELATED PARTY TRANSACTIONS

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

OUTLOOK

Following high activity levels in all portfolio companies, 2023 revenue and operating profit for AFK Group as a whole is expected to be higher than in 2022. In particular driven by positive outlook for Volue, ENRX and Tekna, AFK expects continued revenue growth for the Group in 2024, whilst operating profit is expected to be in line with 2023. There is uncertainty associated with the wars in Ukraine and Gaza, supply chain constraints, soaring inflation, rising interest rates, as well as the development of energy prices.

VOLUE

Volue guides on long term organic growth of 15% as well as improvements in adjusted EBITDA and cash conversion for both 2023 and 2024.

ENRX

ENRX expects revenues and operating profit to be higher in 2023 compared to 2022. The company expects further revenue growth and improved operating profit in 2024.

NSSLGLOBAL

NSSLGlobal expects 2023 and 2024 revenues to be in line with 2022. Operating profit is expected to decrease in both 2023 and 2024 due to lower airtime revenues.

TEKNA

Tekna expects revenues to be higher and operating profit to improve in 2023 compared to 2022. The company expects further improved revenue and operating profit in 2024.

AFK VANNKRAFT

In light of the market's estimated power price trend for 2023, revenues and operating profit for AFK Vannkraft is expected to be lower than in 2022. Based on long-term price expectations, revenue and operating profit from AFK Vannkraft is expected to further decrease in 2024.

AMPWELL

Ampwell expects to generate higher revenues in 2023 compared to 2022. Further revenue growth is expected for 2024. EBIT is expected to improve but remain negative throughout the period.

ALYTIC

Alytic expects revenues to be higher in 2023 compared to 2022. Further revenue growth is expected in 2024. Operating profit is expected to remain negative throughout the period, as companies in the Alytic portfolio still are in a growth phase.

VERGIA

Vergia expects revenue and operating profit for 2023 and 2024 to be in line with 2022.

AFK PROPERTY

AFK Property expects revenue and operating profit to be lower in 2023 compared to 2022. The company expects higher revenue and operating profit in 2024 compared to 2023, as new apartments in Bryggebyen is scheduled for delivery next year.

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

Froland, 9 November 2023

The Board of Directors, Arendals Fossekompni ASA

Financial statements



CONSOLIDATED STATEMENT OF INCOME

(MNOK)							
	Note	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Revenue	6	1 218	1 378	1 110	3 998	3 214	4 569
Other income		3	26	4	33	13	18
Revenue and other income		1 224	1 404	1 114	4 034	3 227	4 587
Materials and consumables used		491	446	361	1 389	1 000	1 447
Employee benefit expenses		479	501	387	1 469	1 172	1 691
Other operating expenses	2	113	230	164	537	496	722
Operating expenses		1 083	1 177	911	3 395	2 669	3 860
EBITDA		141	228	203	639	558	726
Depreciation	2	43	43	48	128	139	184
Amortisation		39	36	27	101	73	104
Impairment loss property, plant and equipment	3	-	-	0	-	0	0
Impairment loss intangible assets	3	-	-	-	-	-	9
Operating profit		60	148	127	409	346	429
Finance income		23	34	24	140	77	118
Finance costs		46	22	18	103	57	81
Net financial items		-23	13	6	37	20	37
Share of profit or loss of associates and joint ventures		-13	-12	-11	-37	-20	-40
Profit before income tax		24	148	122	410	346	426
Income tax expense	5	78	107	91	352	256	458
Profit (-loss) for the period		-54	41	31	58	90	-33
Attributable to:							
Non-controlling interests		-16	-3	-1	-24	-5	-38
Equity holders of the company		-38	44	32	82	95	6
Basic/diluted earnings per share (NOK)		-0,99	0,75	0,57	1,05	1,64	-0,59
Statement of comprehensive income							
Items that may be reclassified to statement of income							
Total Effect from Foreign Exchange		-65	57	34	103	135	56
Change on Cash flow hedges		6	-1	19	-10	25	-9
Tax on cash flow hedges that may be reclassified to P&L		-1	0	-1	2	0	2
Items that may be reclassified to statement of income		-60	56	53	95	160	50
Items that will not be reclassified to statement of income							
Change in financial assets at fair value through OCI		-1	4	-5	4	-4	-3
Actuarial gains and Losses		-	-	0	-	0	-2
Tax on OCI that will not be reclassified to P&L		-	-	-	-	-	1
Items that will not be reclassified to statement of income		-1	4	-5	4	-4	-5
Total Other Comprehensive Income (OCI)		-61	60	48	99	155	45
Profit (-loss) for the period		-54	41	31	58	91	-33
Total Comprehensive Income		-115	101	79	157	246	12
Attributable to:							
Non-controlling Interests		-37	10	6	2	23	-25
Equity holders of the parent		-79	91	73	155	223	37
Total Comprehensive Income per share (NOK)		-2,11	1,84	1,44	2,86	4,49	0,22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MNOK)	Note	Q3 2023	Q2 2023	Q3 2022	Full year 2022
Assets					
Property, plant and equipment		1 260	1 246	1 024	1 086
Intangible assets		2 309	2 312	1 903	1 757
Investments in associates and joint ventures		14	37	35	37
Net pension assets		26	26	29	25
Non-current receivables and investments		320	316	227	264
Deferred tax assets		102	126	86	108
Non-current assets		4 031	4 063	3 304	3 277
Inventories		1 233	1 155	779	845
Contract assets		254	271	229	137
Current receivables		1 149	1 211	1 090	1 218
Cash and cash equivalents		2 058	2 005	2 305	2 340
Derivatives - current assets:		8	13	23	11
Financial assets at fair value through OCI		18	19	11	12
Current assets		4 720	4 674	4 437	4 563
Total assets		8 751	8 737	7 741	7 840
Equity and liabilities					
Share capital		224	224	224	224
Other paid-in capital		25	25	21	22
Treasury shares		-116	-111	-78	-110
Other reserves		50	92	92	-7
Retained earnings		2 910	2 973	3 290	2 994
Capital and reserves attributable to owners of the company		3 094	3 203	3 549	3 123
Non-controlling Interests		661	695	693	661
Total equity		3 754	3 898	4 243	3 784
Non-current bond loans		498	498	497	498
Non-current interest-bearing debt		1 585	1 254	375	353
Pension liabilities		26	26	25	24
Non-current provisions		28	29	31	34
Deferred tax liabilities		61	63	67	65
Non-current lease liabilities		192	205	140	203
Non-current liabilities		2 390	2 076	1 136	1 176
Current interest-bearing debt		22	23	220	171
Bank overdraft		147	144	73	111
Derivatives - current liabilities		19	26	32	9
Accounts payable		714	769	682	970
Payable income tax		354	315	225	437
Contract liabilities		359	478	288	233
Current lease liabilities		52	57	56	58
Current provisions		30	47	91	118
Other current liabilities		908	902	694	773
Current liabilities		2 606	2 763	2 362	2 880
Total liabilities and equity		8 751	8 737	7 741	7 840

CONSOLIDATED STATEMENT OF CASH FLOWS

(MNOK)		YTD 2023	YTD 2022
Cash flow from operating activities			
Profit (-loss) for the period		58	90
Adjusted for			
Depreciation, Impairment and Amortization		229	212
Net financial items		-37	-20
Share of profit from associates and joint ventures		37	20
Tax expense		352	256
Total after adjustments to net income		639	557
Change in Inventories		-345	-183
Change in trade and other receivables		76	-47
Change in trade and other payables		-306	-91
Change in other current assets		-28	-23
Change in other current liabilities		126	171
Total after adjustments to net assets		161	384
Tax paid		-438	-168
Net cash from operating activities	A	-277	216
Cash flow from investing activities			
Interest received and realized FX gains		28	16
Dividends received		3	3
Proceeds from sales of PPE		2	4
Purchase of PPE and intangible assets		-422	-227
Purchase of other investments		-15	-62
Proceed from sale of other investments		0	6
Purchase of shares in subsidiaries		-408	-257
Proceeds from the sales of shares in subsidiaries		8	6
Net cash from investing activities	B	-805	-512
Cash flow from financing activities			
New long-term borrowings		1 140	151
Repayment of long-term borrowings		-119	-133
Cash Flow from issuance of receivables		-28	-4
Cash Flow from Net change in current interest bearing debt		34	35
Interest paid and realized FX losses		-97	-48
Dividend paid		-195	-180
Cash flow from treasury shares		-2	-4
Net cash from financing activities	C	732	-183
Cash Flow	A+B+C	-350	-479
Opening balance for cash and cash equivalents		2 340	2 708
FX effects on cash accounts		68	76
Closing balance for cash and cash equivalents		2 058	2 305

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(MNOK)

	Share capital	Other paid-in capital	Treasury shares	Other reserves	Retained earnings	Capital and reserves attributable to owners of the company	Non-controlling interests	Total equity
Opening balance at 01.01 2022	224	10	-63	-47	3 240	3 364	545	3 909
Profit (-loss) for the period	-	-	-	0	100	100	-9	91
Total Other Comprehensive Income (OCI)	0	-	-	128	-5	123	32	155
Treasury shares	-	11	-15	-	1	-3	-1	-4
Gain from sale of shares in subsidiaries	-	-	-	-	326	326	-	326
Other changes from subsidiaries	0	0	-	10	-13	-2	150	148
Dividends paid	-	-	-	-	-358	-358	-24	-382
Closing balance at 30.09	224	21	-78	92	3 290	3 549	693	4 243
Opening balance at 01.01 2023	224	22	-110	-7	2 994	3 123	661	3 784
Profit (-loss) for the period	-	-	-	-	82	82	-25	58
Total Other Comprehensive Income (OCI)	-	-	-	74	-2	72	27	99
Treasury shares	-	4	-6	-	-1	-3	-	-3
Other changes from subsidiaries	-	-	-	-18	13	-5	23	19
Dividends paid	-	-	-	-	-176	-176	-26	-202
Closing balance at 30.09	224	25	-116	50	2 910	3 094	661	3 754

STATEMENT OF INCOME PARENT COMPANY

(MNOK)

	Note	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Revenue		75	126	124	390	374	605
Other Income		3	4	2	11	9	23
Revenue and other income		77	130	125	400	383	628
Materials and consumables used		-	-1	-4	-1	-10	4
Employee benefit expenses		20	11	19	51	50	78
Other operating expenses		20	21	17	67	64	83
Operating expense		39	32	32	117	104	165
EBITDA		38	98	94	283	279	463
Depreciation		3	3	3	10	9	12
Amortisation		0	0	0	1	1	2
Operating profit		34	95	90	272	269	449
Finance income and finance costs							
Finance income	7	12	45	24	231	585	601
Finance costs		25	6	15	44	31	55
Net financial items		-14	39	9	187	553	547
Profit before tax		21	134	99	459	823	996
Income tax expense		41	76	64	258	209	392
Profit (-loss) for the period		-20	57	35	201	614	604
Basic/diluted earnings per share (NOK)		-0,37	1,04	0,63	3,67	11,18	11,02
Statement of comprehensive income							
Profit for the period		-20	57	35	201	614	604
Change in financial assets at fair value through OCI		-1	4	-5	4	-4	-3
Actuarial gains and Losses		-	-	-	-	-	-3
Tax on OCI that will not be reclassified to P&L		-	-	-	-	-	1
Items that will not be reclassified to statement of income		-1	4	-5	4	-4	-5
Total Other Comprehensive Income (OCI)		-1	4	-5	4	-4	-5
Total Comprehensive Income		-21	61	30	205	610	599
Attributable to:							
Equity holders of the parent		-21	61	30	205	645	599
Total Comprehensive Income per share (NOK)		-0,39	1,12	0,54	3,75	11,11	10,92

STATEMENT OF FINANCIAL POSITION PARENT COMPANY

(MNOK)	Note	Q3 2023	Q2 2023	Q3 2022	Full year 2022
Assets					
Property, plant and equipment		229	232	174	229
Intangible assets		7	8	9	9
Investment in associates		-	17	-	17
Investment in subsidiaries		1 788	1 788	1 750	1 752
Intercompany loans		1 176	1 025	349	321
Net pension assets		12	12	14	12
Non-current receivables and investments		189	181	133	171
Deferred tax assets		47	47	27	47
Non-current assets		3 450	3 310	2 457	2 558
Current receivables		258	238	457	508
Cash and cash equivalents		1 110	1 062	1 116	1 160
Financial assets at fair value through OCI		18	19	11	12
Current assets		1 386	1 320	1 584	1 680
Total assets		4 836	4 629	4 041	4 238
Equity and liabilities					
Share capital		224	224	224	224
Other paid-in capital		25	25	21	22
Treasury shares		-116	-111	-78	-110
Other reserves		2	3	-3	-3
Retained earnings		2 935	3 009	2 957	2 894
Capital and reserves attributable to owners of the company		3 070	3 150	3 121	3 027
Total equity		3 070	3 150	3 121	3 027
Bond		498	498	497	498
Non-current interest-bearing debt		840	603	154	153
Pension liabilities		6	6	7	6
Provisions		2	2	10	2
Non-current lease liabilities		59	59	13	60
Non-current liabilities		1 404	1 167	681	719
Accounts payable		7	10	43	12
Payable income tax		276	237	137	375
Current interest-bearing debt, intercompany		29	25	36	17
Current lease liabilities		2	2	4	2
Other current liabilities		47	38	20	85
Current liabilities		361	312	239	492
Total liabilities and equity		4 836	4 629	4 041	4 238

STATEMENT OF CASH FLOWS PARENT COMPANY

(MNOK)		YTD 2023	YTD 2022
Cash flow from operating activities			
Profit (-loss) for the period		201	614
Adjusted for			
Depreciation, Impairment and Amortization		11	10
Net financial items		-187	-553
Tax expense		258	209
Total after adjustments to net income		283	279
Change in trade and other receivables		-4	-11
Change in trade and other payables		-4	-9
Cash flow from Internal Accounts Payable and Receivable		16	41
Change in other current liabilities		-40	-1
Change in employee benefits		-0	-0
Total after adjustments to net assets		251	299
Tax paid		-357	-105
Net cash from operating activities	A	-107	193
Cash flow from investing activities			
Interest received and realized FX gains		50	16
Dividends received		100	97
Purchase of PPE and intangible assets		-10	-13
Purchase of financial assets at fair value		-2	-
Purchase of other investments		-9	-60
Purchase of shares in subsidiaries		-41	-47
Proceeds from the sales of shares in subsidiaries		8	2
Net cash from investing activities	B	97	-5
Cash flow from financing activities			
New long-term borrowings		688	148
Repayment of long-term borrowings		-2	-3
Cash Flow from Internal Loans and Borrowings		-540	-466
Interest paid and realized FX losses		-32	-28
Group Contribution Received		9	22
Dividend paid		-162	-154
Cash flow from treasury shares		-2	-4
Net cash from financing activities	C	-40	-484
Cash Flow	A+B+C	-50	-296
Opening balance for cash and cash equivalents		1 160	1 411
Closing balance for cash and cash equivalents		1 110	1 116

STATEMENT OF CHANGES IN EQUITY PARENT COMPANY

(MNOK)

	Share capital	Other paid-in capital	Treasury shares	Other reserves	Retained earnings	Capital and reserves attributable to owners of the company	Total equity
Opening balance at 01.01 2022	224	10	-63	1	2 700	2 872	2 872
Profit (-loss) for the period	-	-	-	-	614	614	614
Total Other Comprehensive Income (OCI)	-	-	-	-4	-	-4	-4
Dividends paid	-	-	-	-	-357	-357	-357
Closing balance at 30.09	224	21	-78	-3	2 957	3 121	3 121
Opening balance at 01.01 2023	224	22	-110	-3	2 894	3 027	3 027
Profit (-loss) for the period	-	-	-	-	201	201	201
Total Other Comprehensive Income (OCI)	-	-	-	4	-	4	4
Treasury shares	-	4	-6	-	-	-2	-2
Dividends paid	-	-	-	-	-162	-162	-162
Closing balance at 30.09	224	25	-116	2	2 935	3 070	3 070

NOTE 1 CONFIRMATION OF FINANCIAL FRAMEWORK

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

NOTE 2 KEY ACCOUNTING POLICIES

The accounting policies for 2022 are described in the Annual Report for 2022. The financial statements have been prepared in accordance with EU-approved IFRS and associated interpretations, as well as the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and stock exchange regulations and rules, applicable as at 31 December 2022. The same policies have been applied in the preparation of the interim financial statements as at 30 September 2023.

New standards effective from 1. January 2023 have had no material effect on the financial statements.

NOTE 3 ESTIMATES

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

NOTE 4 RELATED PARTY TRANSACTIONS

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

NOTE 5 PROVISION FOR INCOME TAX

Provision for income tax for the quarter is based on the new increased tax burden on the Norwegian Hydropower industry as adopted and implemented by the government in 2022.

The additional new resource rent tax has increased the provision for income tax by app. MNOK 4.6 for the quarter.

The new high-price contribution has increased the provision for income tax by MNOK 0.8 for the quarter.

Total increased tax burden for Q3 2023 due to new tax regulations is app. MNOK 5.4.

NOTE 6 SEGMENT REPORTING

(MNOK)

Per 30.09.	Group Management		AFK Vannkraft		Volve		NSSLGlobal		ENRX	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	0	-	390	374	183	172	887	766	767	496
Sales over time	-	-	-	-	864	703	-	-	546	454
Other Income	9	9	4	0	25	3	3	1	3	4
Revenue and other income	10	9	393	374	1073	878	890	767	1316	954
Operating expenses	61	69	58	35	888	754	714	540	1178	880
Depreciation, amortization and impairment	3	4	8	6	88	80	13	37	61	49
Operating profit	-54	-64	327	333	97	44	163	189	77	25
Income from associates	-	-	-	-	-	-	1	-	-	-
Net financial items	187	553	-	-	-2	4	-	0	-36	-11
Income tax expense	10	18	248	190	26	12	39	39	29	17
Profit (-loss) for the period	122	471	79	143	69	36	124	151	13	-3
Total assets	4 611	3 816	228	225	1916	1744	1037	935	1951	1799
Total liabilities	1 490	734	278	186	1047	932	466	411	1556	1335
Net interest bearing debt	-1127	-1180	-	-	87	-488	-364	-339	643	510

Per 30.09.	Tekna		Alytic		Property		Vergia		Ampwell	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	158	114	33	27	5	22	-	-	94	51
Sales over time	71	34	-	-	0	-	-	-	-	-
Other Income	1	3	1	1	7	9	0	-	2	1
Revenue and other income	230	150	34	28	13	31	0	-	95	52
Operating expenses	258	241	84	54	11	25	6	6	150	73
Depreciation, amortization and impairment	25	21	10	3	10	9	-	-	18	9
Operating profit	-52	-112	-60	-29	-8	-4	-5	-6	-73	-30
Income from associates	-10	-8	-	-	-	-	-17	-5	-1	-1
Net financial items	-6	-7	-1	-	-2	-2	-1	-	-3	-6
Income tax expense	1	1	-	-	-	0	0	-	-1	-
Profit (-loss) for the period	-70	-128	-61	-29	-10	-6	-24	-10	-77	-37
Total assets	625	591	199	143	580	423	26	20	880	507
Total liabilities	272	124	77	35	386	214	40	2	909	449
Net interest bearing debt	100	-70	-11	-30	164	115	34	-12	668	354

Per 30.09.	Eliminations		Total	
	2023	2022	2023	2022
Sales at a point in time	-	0	2 517	2 023
Sales over time	-	-	1 482	1 191
Other Income	-21	-16	35	13
Revenue and other income	-21	-16	4 034	3 227
Operating expenses	-14	-9	3 395	2 669
Depreciation, amortization and impairment	-6	-6	229	212
Operating profit	-1	-1	409	346
Income from associates	-10	-6	-37	-20
Net financial items	-97	-517	37	20
Income tax expense	0	-21	352	256
Profit (-loss) for the period	-108	-497	58	90
Total assets	-3 288	-2 462	8 751	7 741
Total liabilities	-1 525	-925	4 996	3 498
Net interest bearing debt	0	0	194	-1 139

NOTE 7 FINANCE INCOME, PARENT COMPANY

(MNOK)

	YTD 2023	YTD 2022
Interest income, I/C	44	7
Interest income	34	15
Currency exchange income	50	41
Gain on partial sale of subsidiaries	4	326
Dividend income	3	3
Dividend income I/C an group contribution	96	193
Total	231	585

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