

GENERATIONS

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Arendals Fossekompani Q4 update

Q4 2023

9 February 2024

Disclaimer

This Presentation includes and is based on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ from the projected results. These statements and this Presentation are based on current expectations, estimates and projections about global economic conditions and the economic conditions of the regions and industries that compose major markets for the businesses of Arendals Fossekompani ASA and its subsidiaries and affiliates (the "AFK Group"). These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions.

Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the businesses of the AFK Group, energy prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Presentation. Although the AFK Group believes that its expectations and the Presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the Presentation.

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Arendals Fossekompani in brief

- Long term industrial investment company
- Invest in B2B - energy and technology
- Sustainable value creation
- Active ownership



Main investments
9 (2 listed)

Employees
~ 2,600

Countries
25

Listed on the Oslo Stock Exchange
1913

Head Office
Arendal, Norway



Dots on map reflect approximate locations

9 February 2024

Portfolio aligned with lasting global megatrends

Digital & Analytics

volue

AFK ownership
60%

Market cap (31.12)
3,057 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

Electrification & Materials

TEKNA

AFK ownership
70%

Market cap (31.12)
1,039 MNOK

Head office
Sherbrooke, Canada

Listed at
Oslo Børs

ENRX

AFK ownership
95%

Head office
Skien, Norway

Energy Transition

VANKRAFT

AFK ownership
100%

Head office
Arendal, Norway

ampwell

AFK ownership
100%

Head office
Arendal, Norway

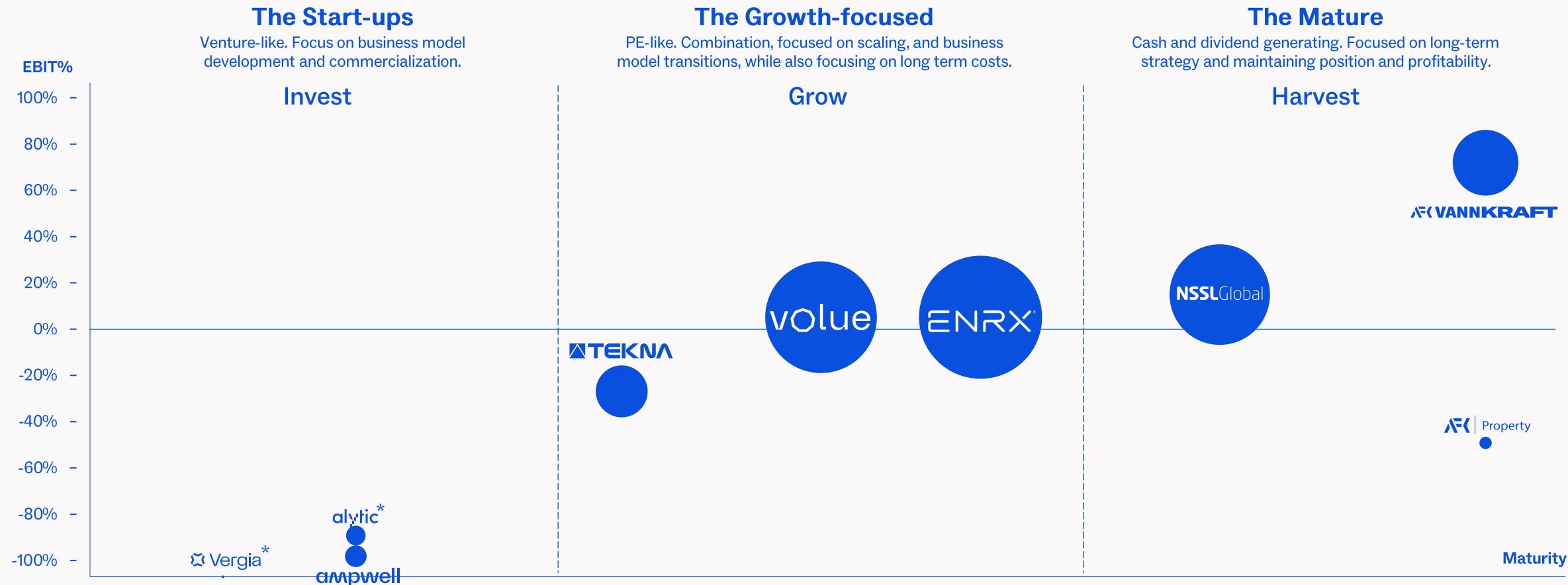
Vergia

AFK ownership
100%

Head office
Arendal, Norway

Diversified portfolio ensuring both stable cash flow generating assets and attractive growth prospects

Our portfolio spans across the business life cycle



*FY23 EBIT% for Vergia was -800% (NOK -8 million operating profit, NOK 1 million revenue). FY23 EBIT% for Alytic was -184% (NOK -85 million operating profit, NOK 46 million revenue). FY23 EBIT% for Ampwell was -193% (NOK -108 million operating profit, NOK 56 million revenue). Bubble size indicate revenue. All numbers reflect full year 2023 per Q4 .

Strong underlying performance in portfolio companies

Highlights Q4 2023

Financial

- Group revenue: NOK 1.4 bn. 3% growth YoY
- Operating profit: NOK 31m (83m), negatively affected by lower electricity prices and non-recurring items.
- Adjusted for non-recurring items in Volue and Tekna, operating profit for the Group amounted to NOK 112 million
- Quarterly dividend: NOK 1.00 per share

Key developments in portfolio

- Strong underlying performance from portfolio companies Volue, ENRX, Tekna and NSSLGlobal
- Both lower hydropower production and electricity prices had negative effects on revenue and operating profit, compared Q4 last year.



volue

AFK ownership
60%

Head office
Oslo, Norway

Market cap (31.12)
3,057 MNOK

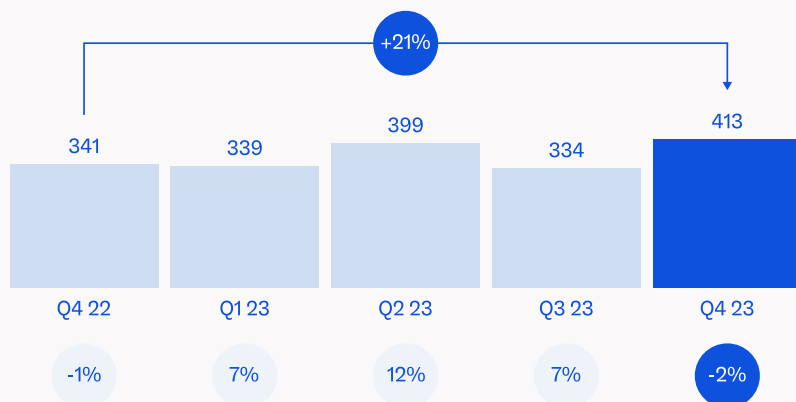
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Oslo Børs

Q4 update

Recurring revenue and SaaS growth

Development last 5 quarters

Revenue and other income (MNOK) and operating margin



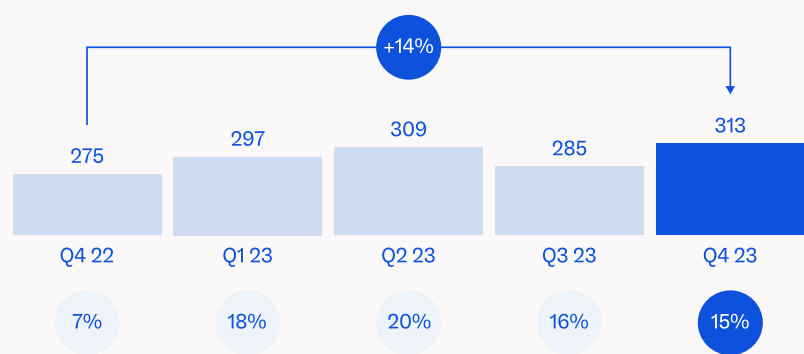
- Revenue: NOK 413 million (341 million).
- Adjusted EBITDA: NOK 86 million (64 million) with an adjusted EBITDA-margin: 21% (19%).
- Recurring revenue: NOK 272 million, an increase of 29% compared to the fourth quarter of 2022, representing 66% of total revenues in the quarter.
- SaaS revenues: NOK 106 million, an increase of 35% compared to the fourth quarter of 2022, representing 26% of total revenues in the quarter.
- Large ongoing changes in end markets, like increased price and production volatility, as well as overall market complexity, are driving growth and further business opportunities for the company.
- ARR growth and strong operational focus delivered robust 2023 performance despite announced head-winds on non-recurring revenues for Energy segment.



Q4 update

Strong sales and higher operating profit

Development last 5 quarters
Revenue and other income (MNOK) and operating margin



- Revenue: GBP 23.3 million (GBP 23.1 million).
- Operating profit: GBP 3.4 million (GBP 1.6 million).
- Operating margin increase from the fourth quarter of 2022 largely reflecting product mix of sales.
- NSSLGlobal won GBP 13 million of new business during the quarter.
- Sales and pipeline continues to be strong across both maritime and governmental sectors.
- Transitioning of NSSLGlobal customers to FusionIP^{Leo} expected to increase revenue and reduce margins from airtime services going forward
- 2023 was yet another strong year for NSSLGlobal, with growth in the top line and continued strong margins



AFK ownership
70%

Head office
Sherbrooke, Canada

Market cap (31.12)
1,039 MNOK

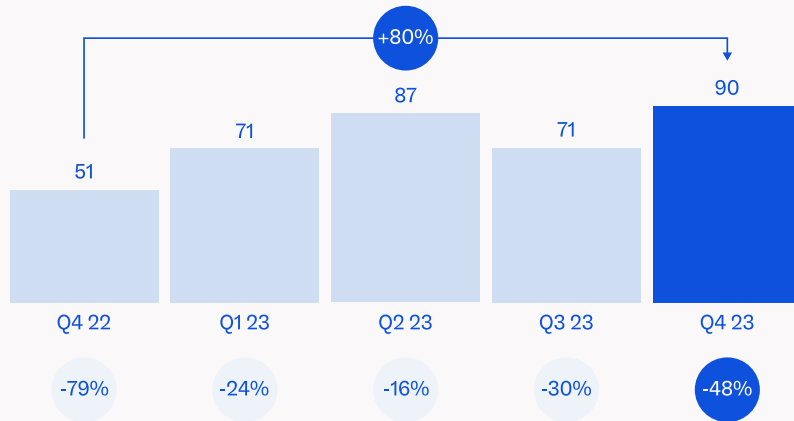
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Oslo Børs

Q4 update

Quarterly revenue record and improved margins

Development last 5 quarters

Operating revenue (MNOK) and operating margin



- Revenue: CAD 11.4 million (CAD 8.6 million), a 66% increase from Q4 2022
- Adjusted EBITDA: CAD -0.3 million, a significant improvement from CAD -2.9 million in the fourth quarter last year.
- Order intake of CAD 11.2 million in the fourth quarter, up from 10.4 million the third quarter. Order backlog per year-end of CAD 24.0 million.
- Profitability improvement during 2023 driven by solid revenue growth and margin initiatives in both Materials and Systems segments, as well as successful capacity and productivity improvement programs.
- Continued focus on improving profitability and cash flow in 2024.

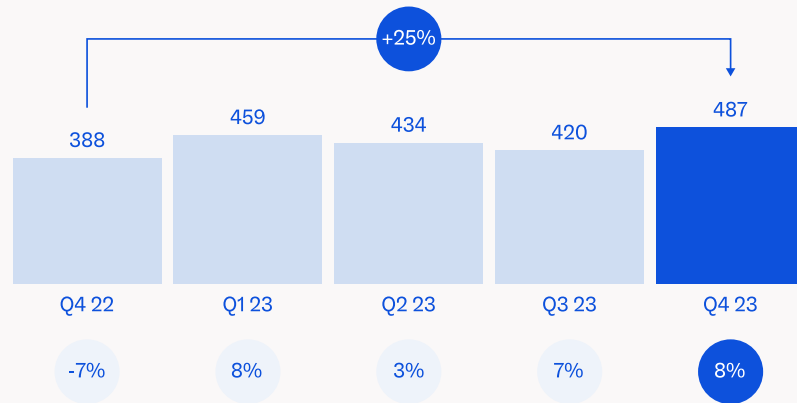


Q4 update

Margin increase within the Heat segment

Development last 5 quarters

Operating revenue (MNOK) and operating margin



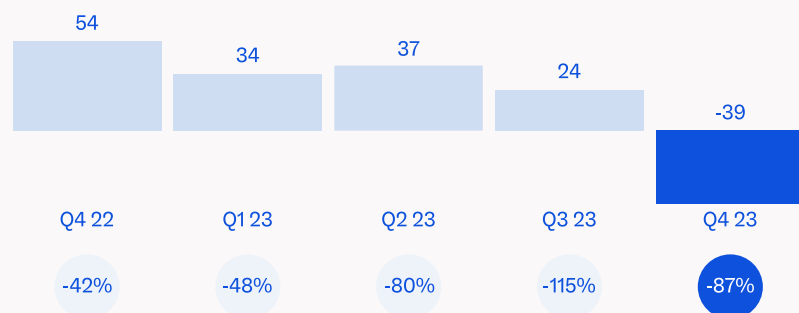
- Revenue: EUR 41.9 million, a 12% increase from the same quarter in 2022.
- Revenue growth in the quarter driven by higher activity level within the Heat segment, especially in Europe and Asia.
- Operating profit: EUR 3.3 million (-2.9 million) for the quarter, corresponding to a margin of 7.9%.
- Order intake of EUR 36.8 million (EUR 41.1 million). The backlog per year end of EUR 86 million (EUR 94 million) creates a solid fundament for continued profitable growth in 2024.
- Strong revenue growth (19% YoY) and restructuring of loss-making operations during Q4 2022 and first half of 2023 yielded margin improvement in FY23

Q4 update

Challenging market conditions affected sales

Development last 5 quarters

Revenue and other income (MNOK) and operating margin



- Revenue: Sales in Commeo of EUR 1.5 million in Q4, up from EUR 1.0 million in the third quarter. An accounting reclassification booked in the quarter results in Ampwell revenue of EUR -3.5 million in Q4.
- Reduced investment level in Commeo's target segment had a negative impact on revenue in the quarter. A softened German economy, a temporary price cap on electricity and a possible new proposed battery subsidy scheme contributed to the development.
- Operating profit: EUR -3.0 million. Operational ramp-ups in both Commeo, Collect, as well as Ampwell parent company, contributed to negative margins.
- The first part of Commeo's new production facilities is estimated to be finalized in second half of 2024 and will over time enable above 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.



AFK ownership
95%

Head office
Arendal, Norway

Portfolio
KONTALI

veyt



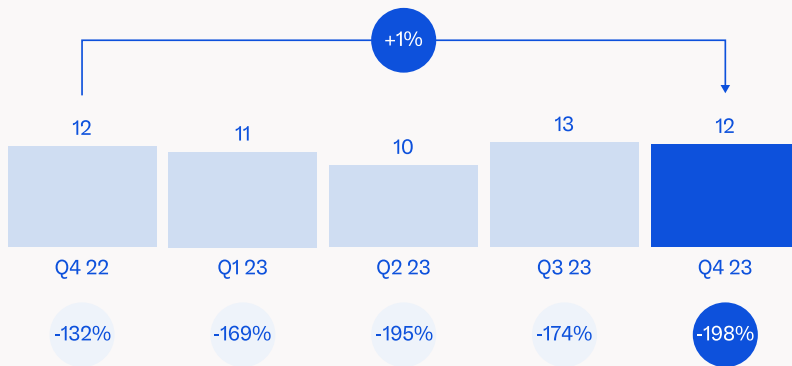
Factlines.

Q4 update

Growing ARR and introducing new products

Development last 5 quarters

Revenue and other income (MNOK) and operating margin



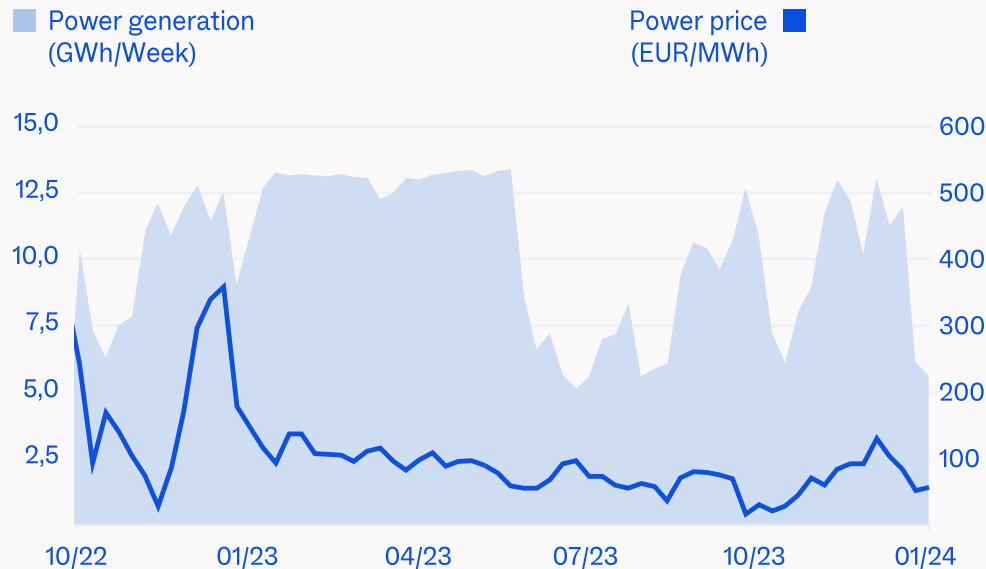
The annual recurring revenues (ARR) for the portfolio grew to NOK 42 million, representing an 8% increase compared to the previous quarter and 61% compared to the fourth quarter of 2022.

- Kontali grew ARR by 52% YoY.
- Veyt grew ARR by 74% YoY.
- Factlines grew ARR 128% YoY.
- Utel made further progress in the development of its fraud management solution during the quarter.
- Kontali and Factlines appointed new CEOs during the quarter.
- 2023 was marked by delivery on strategic milestones and new product launches, creating a foundation for recurring revenue growth going into 2024.

Q4 update

Lower electricity prices and reduced production

Price and power generation*



- Average electricity price in the NO2 price area during the fourth quarter was 70 EUR/MWh (165 EUR/MWh), a 57% reduction compared to Q4 2022.
- Power generation in the fourth quarter amounted to 126.4 GWh (134.8 GWh).
- High prices for gas during 2022, combined with higher precipitation than normal during the fourth quarter of 2023, explain the reduction in price levels.
- The high-price contribution, imposed on Norwegian hydropower producers on 28 September 2022, was abolished with effect from 1 October 2023, reducing the overall tax burden.



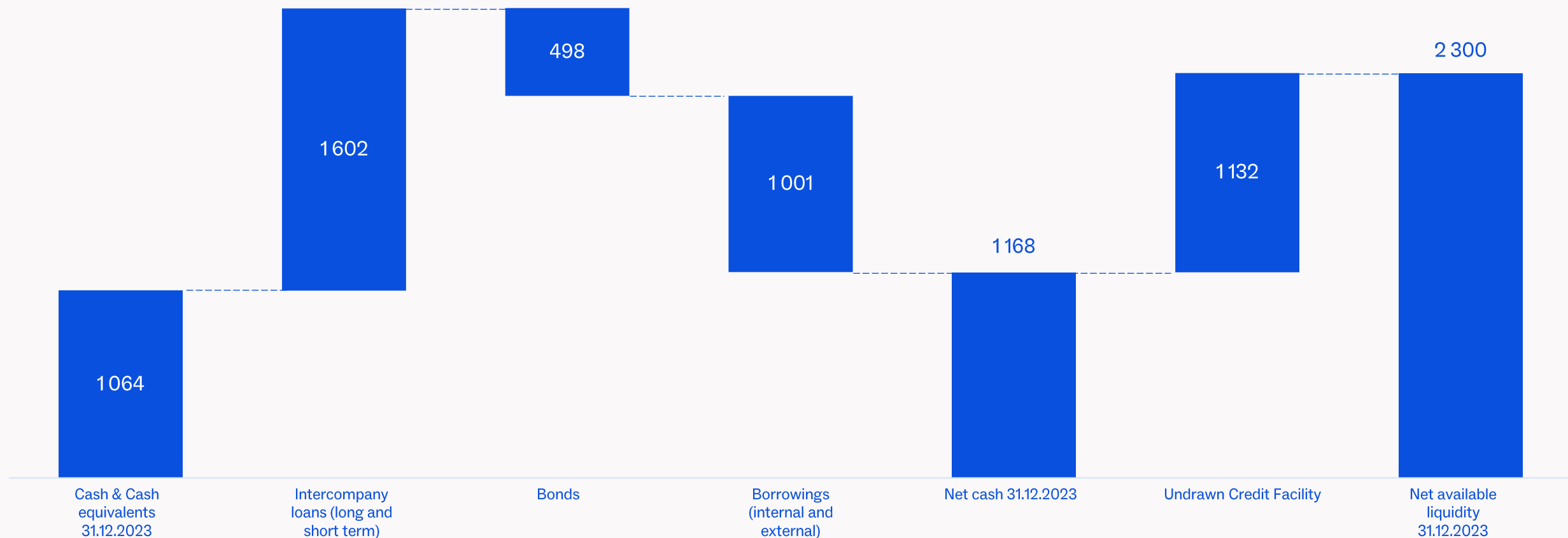
Financials

Quarterly profitability impacted by lower electricity prices and non-recurring items in Volue and Tekna

- Profitability improvement in portfolio companies ENRX and NSSLGlobal.
- Volue and Tekna both delivering profitability improvement in the quarter when adjusting for dispute settlement (Volue) and non-recurring bad debt provision (Tekna).
- Reduced profit from hydropower due to considerably lower electricity prices.
- Strong underlying performance in the portfolio for the full year 2023
- **Outlook:**
AFK Group expects 2024 revenue to be higher than in 2023.
Operating profit for 2024 is expected to be lower than 2023.

Operating Profit (MNOK)	Q4 2023	Q4 2022	Difference	FY 2023	FY 2022
volue	-10	-4	-5	87	40
NSSLGlobal	46	20	+26	209	209
TEKNA	-43	-40	-3	-95	-153
ENRX	38	-29	+67	116	-3
VANNKRAFT	87	202	-115	414	535
ampwell	-34	-23	-12	-108	-53
alytic	-24	-16	-8	-85	-46
Vergia	-3	-2	-1	-8	-7
AFK Property	-2	-3	+1	-10	-7
Arendals Fossekompani Consolidated	31	83	-52	440	429

NOK 1.1bn in cash, 2.3bn in available liquidity

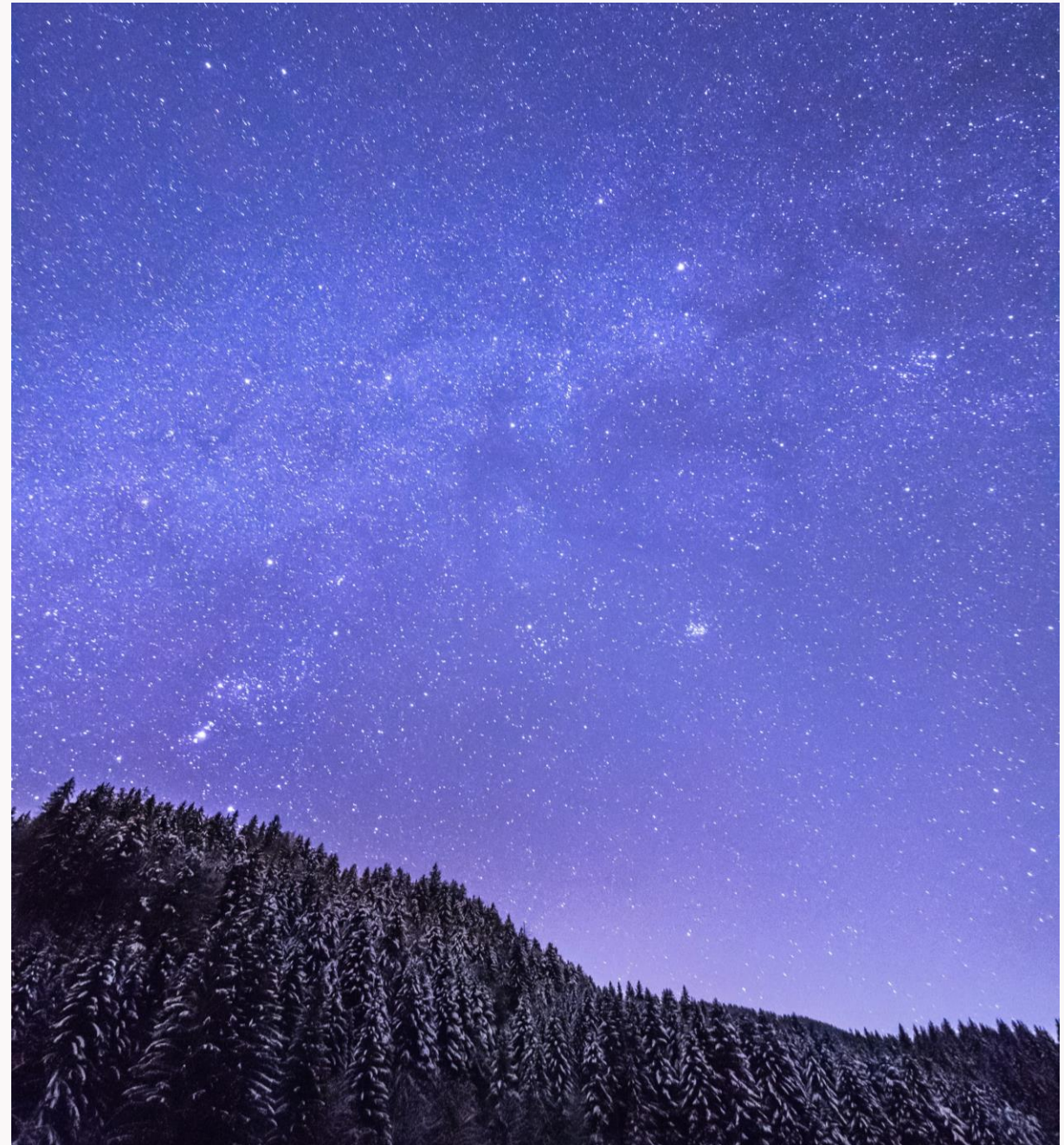


Guiding

AFK Group expects 2024 revenue to be higher than in 2023.
Operating profit for 2024 is expected to be lower than 2023.

Expected revenue growth in 2024 driven by key portfolio companies **Volue**, **ENRX**, **NSSLGlobal** and **Tekna**, as well as revenue recognition of the third stage of the AFK Property development project **Bryggebyen**.
Lower expected power prices, partly offsetting the growth. Lower operating profit is driven by the latter, as well as reduced margins in **NSSLGlobal**.

- **Volue** guides on long term organic growth of 15% as well as improvements in adjusted EBITDA and cash conversion for 2024.
- **Tekna** expects revenues to be higher and operating profit to improve in 2024 compared to 2023.
- **ENRX** expects revenues in 2024 to be in line with 2023.
Operating profit is expected to increase compared to 2023.
- **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.

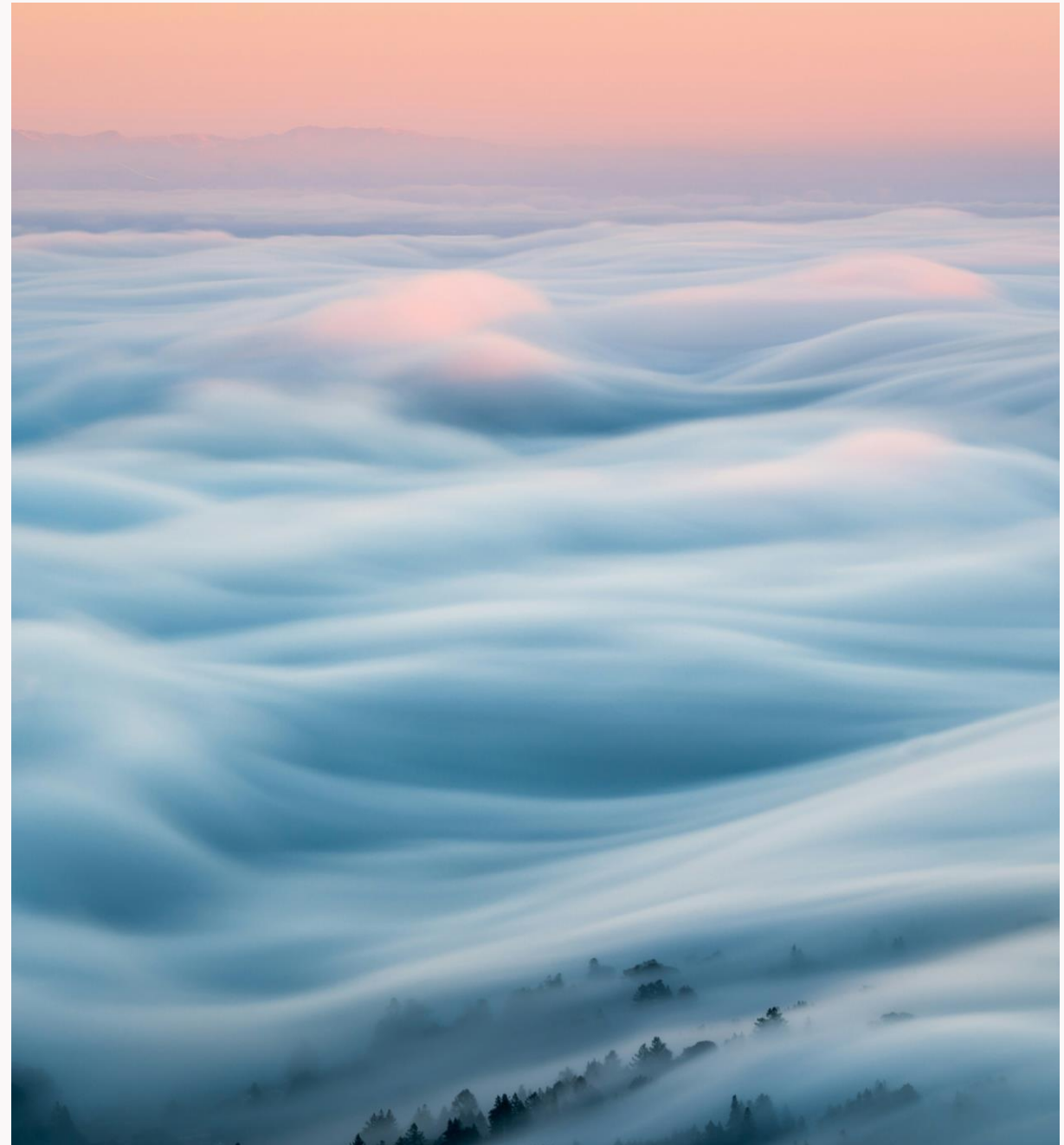




Closing Summary

Closing summary

- **Strong underlying performance across several companies** with positive outlook
- **Profitability negatively affected** by hydropower and non-recurring items
- **Focused business development** on-going in all portfolio companies driving growth in long term NAV
- **Diversified and well positioned portfolio** with both stable cash flow generating assets and attractive growth opportunities
- **Balance sheet** supports both continued cash dividend and investing in growth



Thank you!

VISITING ADDRESS

Langbryggen 9, 4841 Arendal

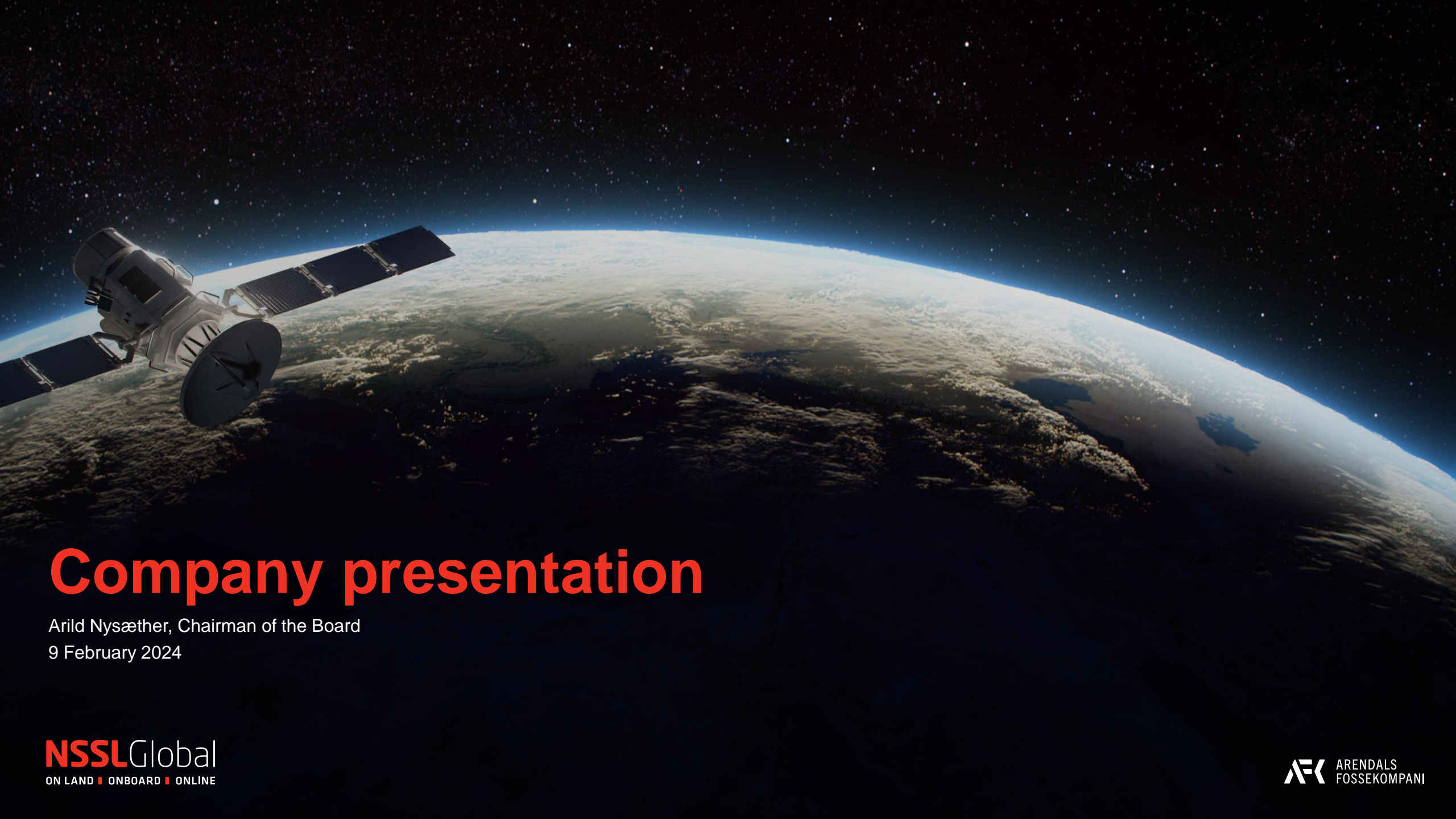
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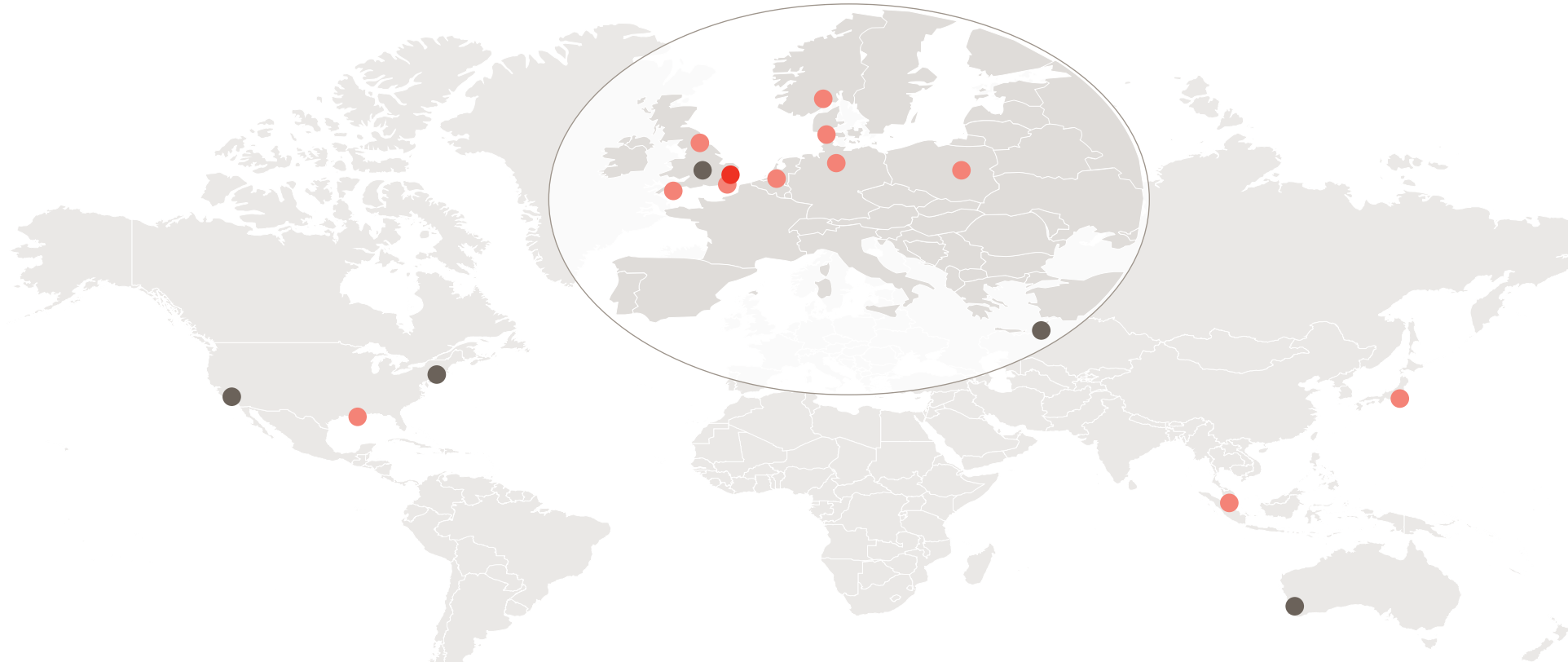
Company presentation

Arild Nysæther, Chairman of the Board

9 February 2024

Committed to delivering high-quality voice and data services to customers anywhere in the world

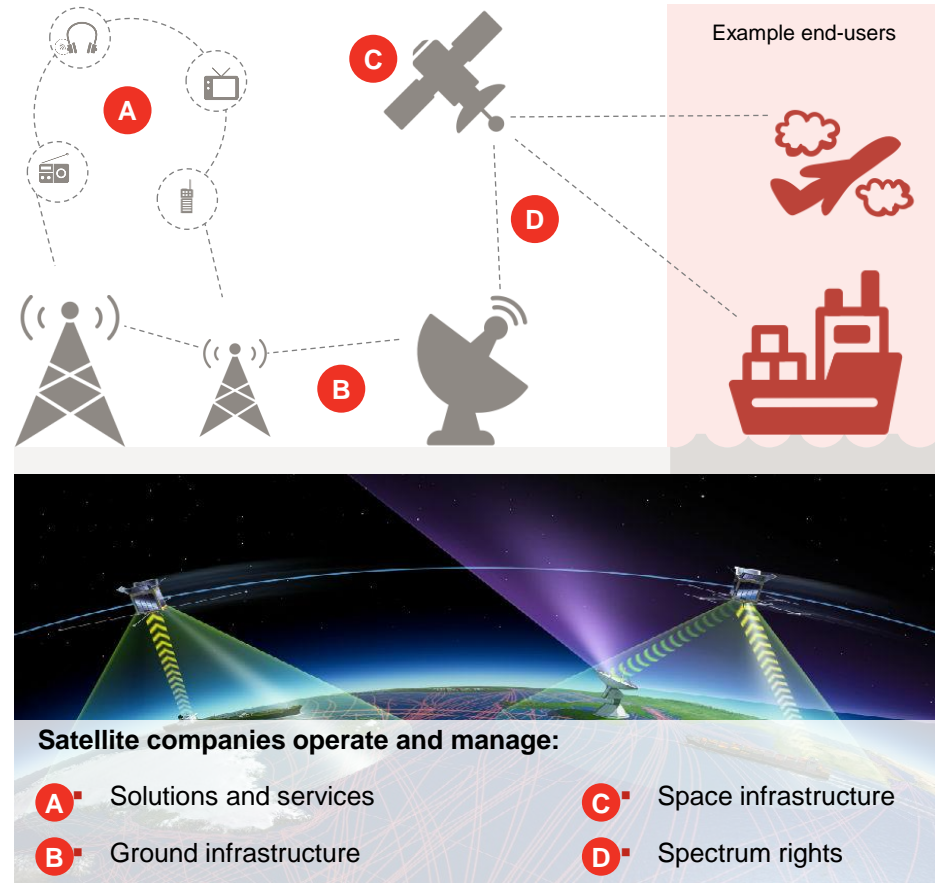
- Head Office
- Offices
- Teleports



Satellite is the “must-have” technology when no other connectivity solution is available

Satellites are unique in their ability to connect remote locations

Satellites act like big “mirrors” in the sky



Satellite’s key attribute is its coverage

Global coverage and access to solutions and services



Satellite – GEO/LEO

- ✓ (LEO) Rather high capacity / speed
- ✓ (GEO/LEO) Can connect anywhere on earth
- ✗ (GEO) Currently relatively low capacity / speed
- ✗ (GEO) Expensive
- ✗ (LEO) Relatively expensive



4G/5G

- ✓ High capacity / speed
- ✓ Relatively inexpensive
- ✗ Limited range (coastal / land mass)



Fiber / Cable







- ✓ Extremely high capacity / speed
- ✓ Cheap to run (once “in the ground”)
- ✗ Requires a physical “wired” connection

Leading independent provider of satellite communications, navigational systems and IT solutions

Company description

- An independent provider of cyber secure satellite and mobile communications, OT and IT data solutions, engineering and IT support, to predominantly maritime and governmental mobility markets across the globe
- More than 50 years of experience in these markets
- Brings together the best-in-class satellite solutions from key satellite operators to offer options across C-, L-, Ka- and Ku-band networks along with a hybrid LTE/GEO/LEO Satellite solution
- Partnerships with some of the largest MSS¹ and VSAT² satellite and LEO satellite operators, including Inmarsat, Iridium, Thuraya, Telesat, Eutelsat, JCSAT, Intelsat and Starlink
- Committed to support customers locally, offering a large infrastructure of global sales and service offices, teleports, and local partners across all the major continents
- 24/7 network operation centres, which provide nonstop technical support for every customer, whether on land, at sea or in the air
- Security Operation Center (SOC) to prevent, detect, analyse and respond to cybersecurity incidents
- Shareholders comprise Arendals Fossekompni ASA (80%) and the management team of NSSLGlobal (20%)

Segment overview

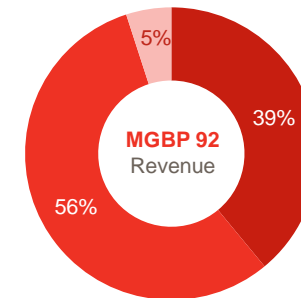
Maritime	Military / Govern.	Other
		
Commercial maritime, offshore/energy, larger fishing boats and super-yachts	Navy vessels, coast guard and land-based mobile command and control centers	Heads of State Aero, offshore energy, media, NGOs, ESA and mining
		

25 beams across 16 satellites



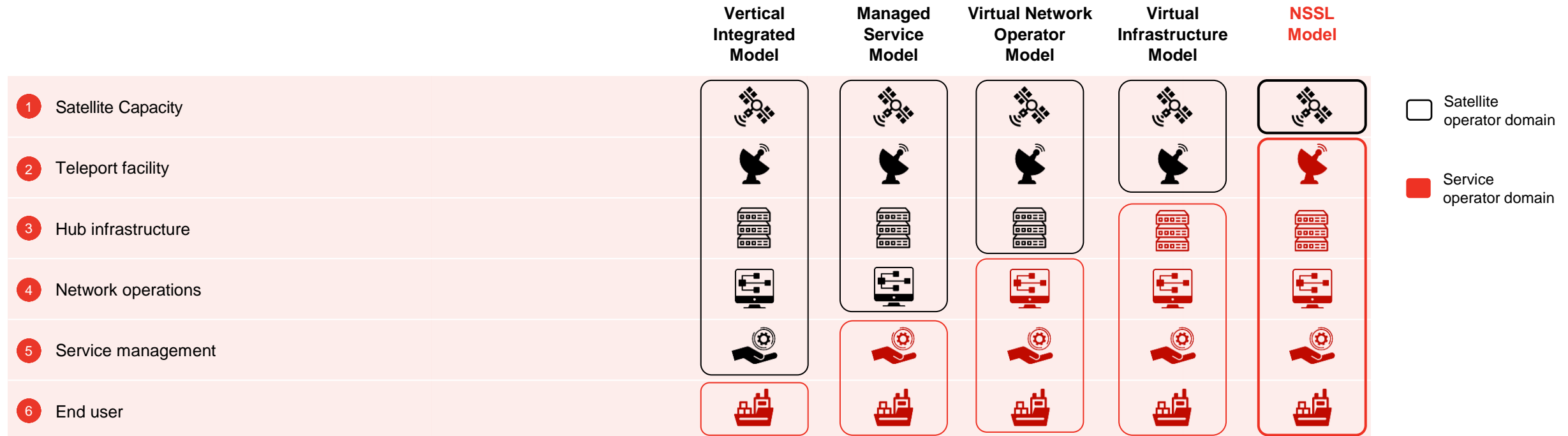
Revenue (2023) split by segment

- Maritime
- Military / Government
- Other



1. Mobile satellite services (MSS) provide two-way L-Band satellite communications to global users who are on the go or in remote locations, with terminals ranging in size from handheld to laptop-size units and typically provide less than 1 Mbits bandwidth.
2. A very-small-aperture terminal (VSAT) is a two-way satellite ground station with a dish antenna that is smaller than 3.8 meters

NSSLGlobal is taking full responsibility from satellite to end-user

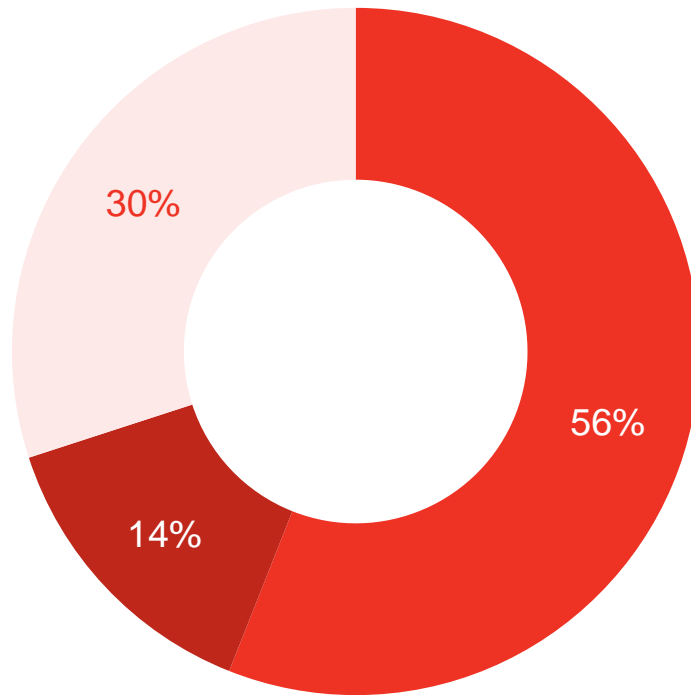


NSSLGlobal is a Satellite Communication Provider

VSAT Network Operator, System Integrator, Engineering Solution House & Application Developer.

Predominately subscription-based revenue model with airtime still being the largest revenue contributor

Revenue split by type
2023



Airtime

- Subscription and / or usage-based pay
- Includes value added services
- Contract period is typically 1-3 years
- Often bundled with hardware financing and global maintenance (3-5 year contracts)



Projects and value-added services

- Government & Maritime Engineering Projects and Value-added Services
- Complex engineering system integration and development.
- Multi-year projects which once rolled out generally include ongoing service and technology renewal contracts



Hardware

- Ad-hoc hardware purchases both direct to end users and indirect through resellers

Trend

Projects and value-added services take larger part of the revenue split.



60-65 % multi-year recurring revenue.

NSSLGlobal delivers state-of-the-art services and solutions

The customers demand more, and suppliers have increased capabilities...

Relevant Global Megatrends:



Increasing demand for Broadband Connectivity

The growing need for high-speed internet access, particularly in remote and underserved areas, is driving the demand for satellite communication services.



Cybersecurity Concerns

As satellite systems become more integrated into critical infrastructure, concerns about cybersecurity and the need for secure satellite communication links are growing.



Internet of Things (IoT) Connectivity

The proliferation of IoT devices and applications is creating a demand for reliable and ubiquitous connectivity. Satellite communication plays a role in providing coverage in areas with limited terrestrial infrastructure.



Advancements in Satellite Technology

Ongoing technological advancements, including the development of high-throughput satellites (HTS) and smaller, more cost-effective satellite designs, are enhancing the capabilities and cost efficiency of satellite communication.

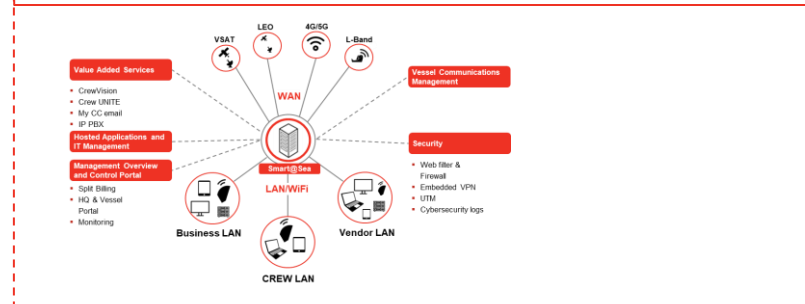


Government Defense Applications

Governments worldwide continue to invest in satellite communication for defense and security purposes. This includes the development of secure communication networks and satellite systems for national defense and surveillance.

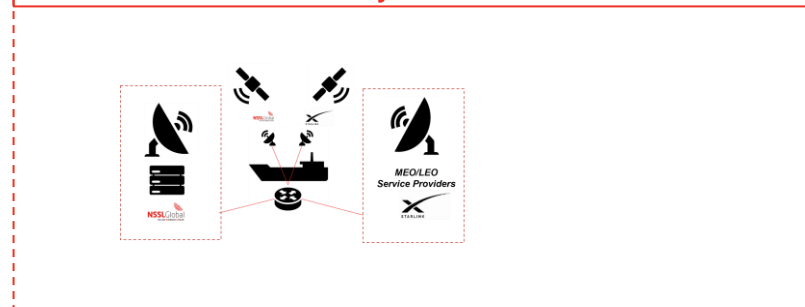
...NSSL provides the solutions

Intelligent Value-Added Services

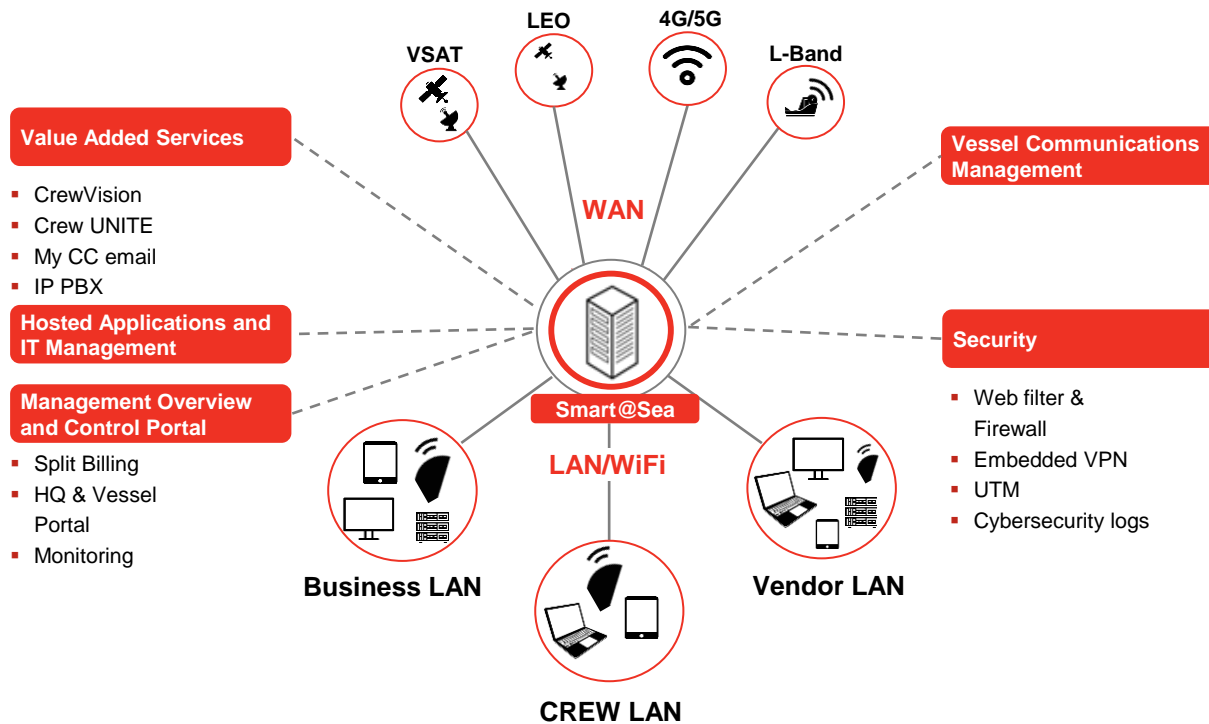


Cyber Security

State-of-the-Art Connectivity Solutions



Smart@Sea Platform Combined with Satellite Communication Turns the Vessel Into a Strategic Asset



Flexible and unified communication package, fulfilling regulatory requirements with regards to security, safety and emissions

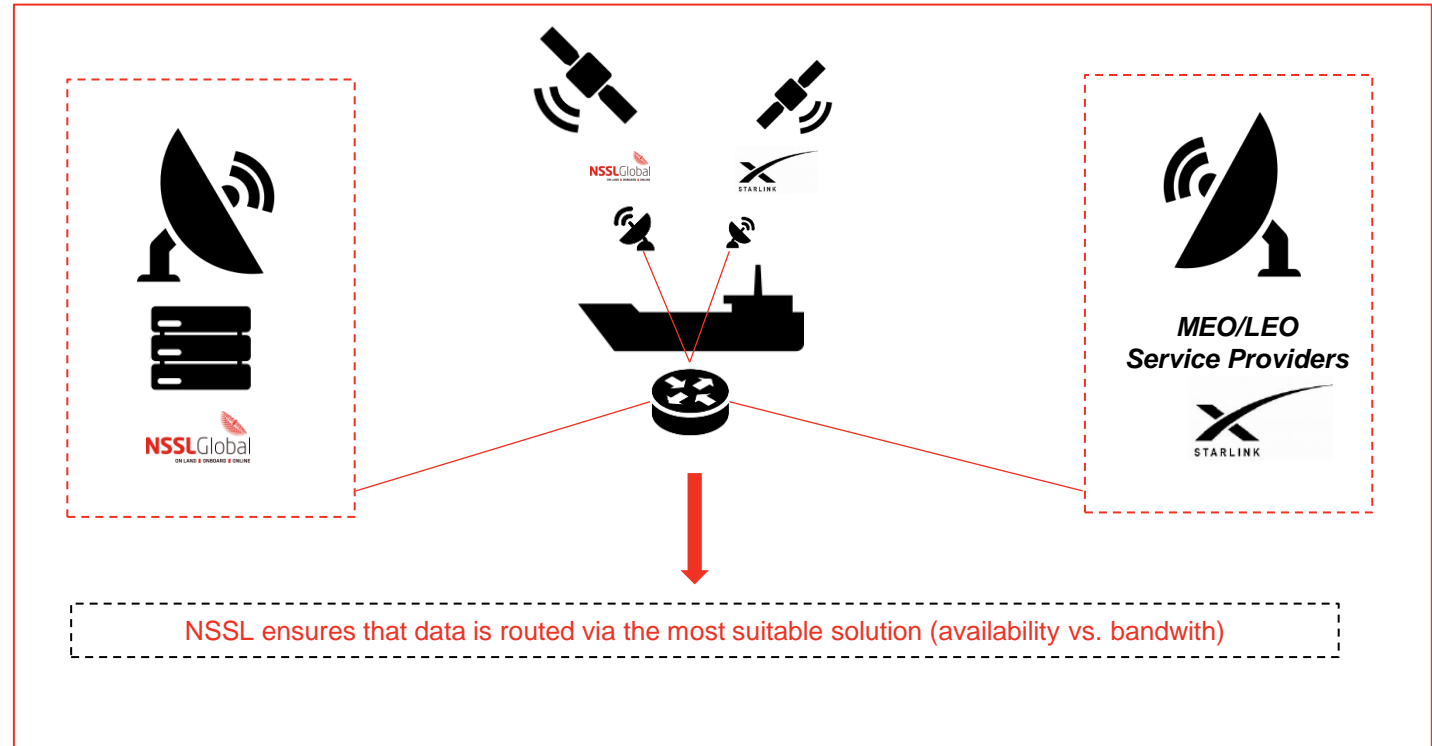
Example use cases:

- Navigational and weather services
- Energy optimization
- Route optimization
- Real-time monitoring and preventive maintenance
- Remote cargo management
- “Always-on” connectivity
- Performance monitoring system
- Crew welfare
- Ship entertainment system
- MMRD - Multimedia reception and distribution

FusionIPLeo Provides the Optimal Combination of Availability and Bandwidth

- 2023 introduced the game-changing communications service **FusionIPLeo**, combining traditional VSAT service with high-capacity LEO, to offer a dynamic service to the customers.
- Benefits of a reliable VSAT service is combined with the low latency and high capacity from the LEO/LTE to provide continuous services over the most suitable bearer
 - Business critical functions are routed over our Proprietary, in-house-developed SatLink modems, which provide VSAT connectivity where we can offer a guaranteed performance (CIR) and a 24/7 well proven support set-up
 - Other services, like crew welfare, are routed over LEO
- NSSL currently offers Starlink, and other high-capacity suppliers will be provided over time

Illustration



Selected customers

Long established relationships (+20 years) and contracts with blue chip maritime, government and defence customers



Maritime

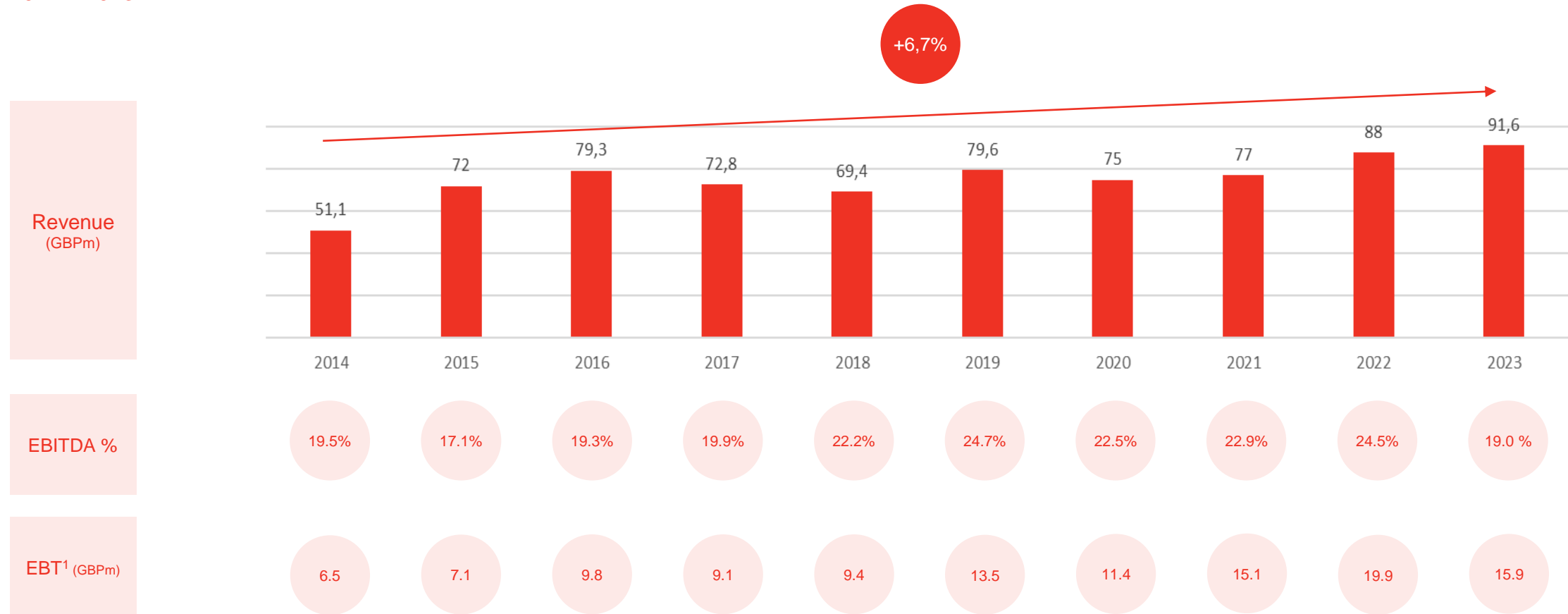


Military / Govern.



Proven financial track record with 6,7 % average growth p.a. and healthy dividends

Financial development 2014 – 2023



NSSLGlobal empowers the green transition and helps adaptation to climate change, as defined by the EU taxonomy



Climate mitigation

Facilitate more efficient navigation, resulting in less fuel consumption and lower emissions

Climate adaptation

Establish solutions for effective communication in areas impacted by natural disasters

NSSLGlobal Key strengths

Serving high-end market	50 years of experience providing high-end satellite communication and data solutions and services to demanding customers in the governmental and maritime mobility markets
Global footprint	Worldwide presence as independent service and hardware provider combined with partnerships with all important satellite operators
Recurring revenues and strong cash flow	Predominantly subscription-based revenue model providing recurring revenues and consistently healthy dividends
Long-term relationships	Long established relationships (+20 years) and contracts with blue chip maritime, government and defense customers
Leading engineering & support capability	Renowned for 24/7 technical support & taking full end-to-end service responsibility
Huge market	Forecasts* indicate that total annual revenues from the satellite connectivity market could approach USD 160 billion 2030, growing at a CAGR at 9,4% in the forecast period (2022-2030)
Positioned for growth	Well positioned to exploit growing market opportunities within value-added services and digitalization such as crew welfare, cyber security, route optimization, remote cargo monitoring and preventive maintenance



Thank you!

Read more at nsslglobal.com

NSSLGlobal
ON LAND ■ ONBOARD ■ ONLINE

AFK ARENALS
FOSSEKOMPANI