

OPERATIONS FOR GENERATIONS
2023
Q4
OPERATIONS

GENERATIONS

FOR GENERATIONS

GENERATIONS

For generations, Arendals Fossekompani 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, digitalisation, 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 Q4 2023

AFK Group revenues increased

Total revenues for Arendals Fossekompani in the fourth quarter amounted to NOK 1,402 million, a 3% increase compared to the same quarter in 2022.

NOK 1.00

Dividend to be paid in February

Arendals Fossekompani will pay a quarterly dividend for the fourth quarter of NOK 1.00 per share.

Lower electricity prices

Electricity prices were substantially lower in the fourth quarter. AFK Vannkraft revenue was almost halved compared to the same quarter in 2022.



Strong underlying performance across several portfolio companies

TEKNA

Revenue up 66%

Tekna reported record-high revenue for the fourth quarter. Revenue came in 66% higher than in the same quarter in 2022.



ENRX

Increased margin

ENRX increased fourth quarter revenue by 12% compared to the same quarter in 2022. Operating margin improved from -7% to 8% during the same period.

NSSLGlobal

Strong sales and higher operating profit

NSSLGlobal reports GBP 23.3 million in revenue, slightly higher than the same quarter in 2022. Operating profit was GBP 3.4 million, compared to GBP 1.6 million the year before.

value

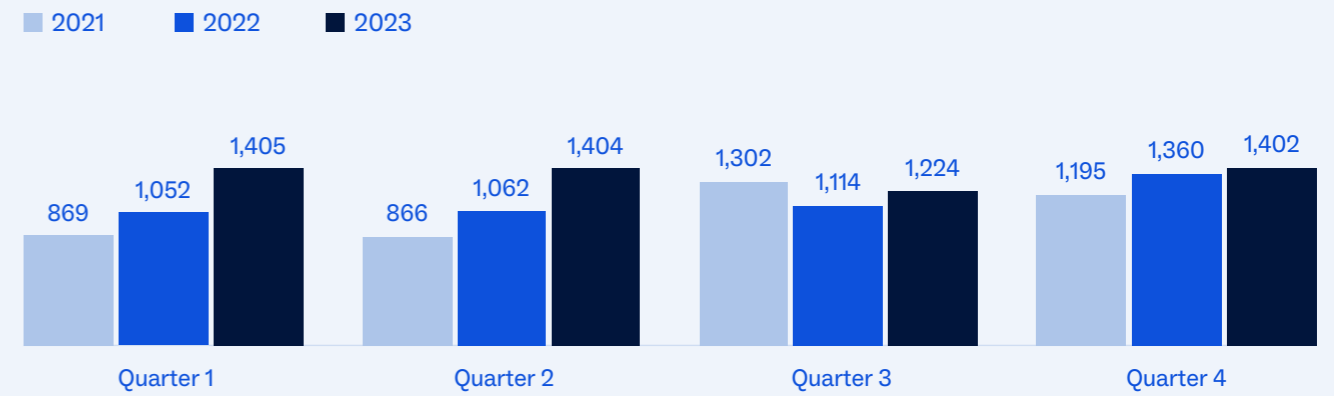
Solid growth

Value's revenue increased by 21% (13% organic) in Q4 2023 compared to Q4 2022. SaaS revenues increased by 35%, representing 26% of total revenues, while also improving the company's adjusted EBITDA margin.

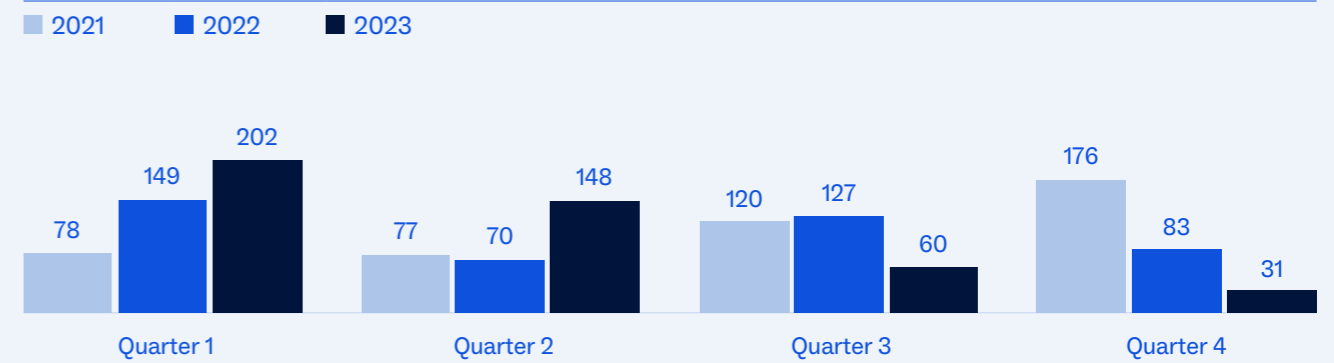
Financial Highlights Q4 2023

FINANCIAL KPIs (MNOK)		Q4 2023	Q4 2022	FY 2023	FY 2022
Arendals Fossekompani consolidated	Revenue and other income	1,402	1,360	5,436	4,587
	Operating profit	31	83	440	429
	Margin	2%	6%	8%	9%
Operating profit by company	Volue	-10	-4	87	40
	NSSLGlobal	46	20	209	209
	Alytic	-24	-16	-85	-46
	Tekna	-43	-40	-95	-153
	ENRX	38	-29	116	-3
	AFK Parent (Vannkraft & Management)	62	180	335	449
	Ampwell	-34	-23	-108	-53
	Vergia	-3	-2	-8	-7
	AFK Property	-2	-3	-10	-7
	Operating profit	31	83	440	429
Profit before income tax	-12	79	397	426	
Profit (-loss) for the period	-77	-123	-19	-33	

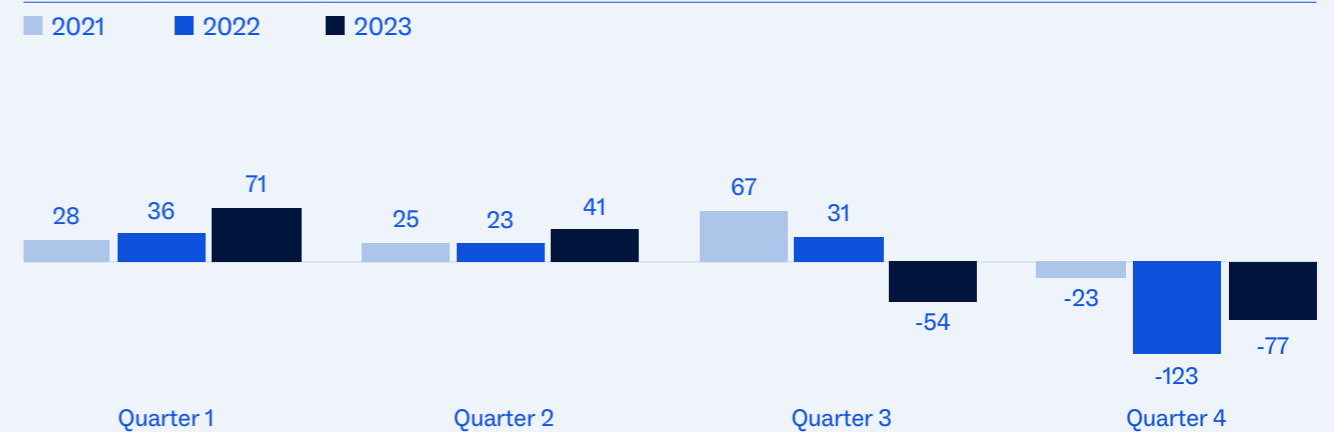
REVENUE AND OTHER INCOME (MNOK)



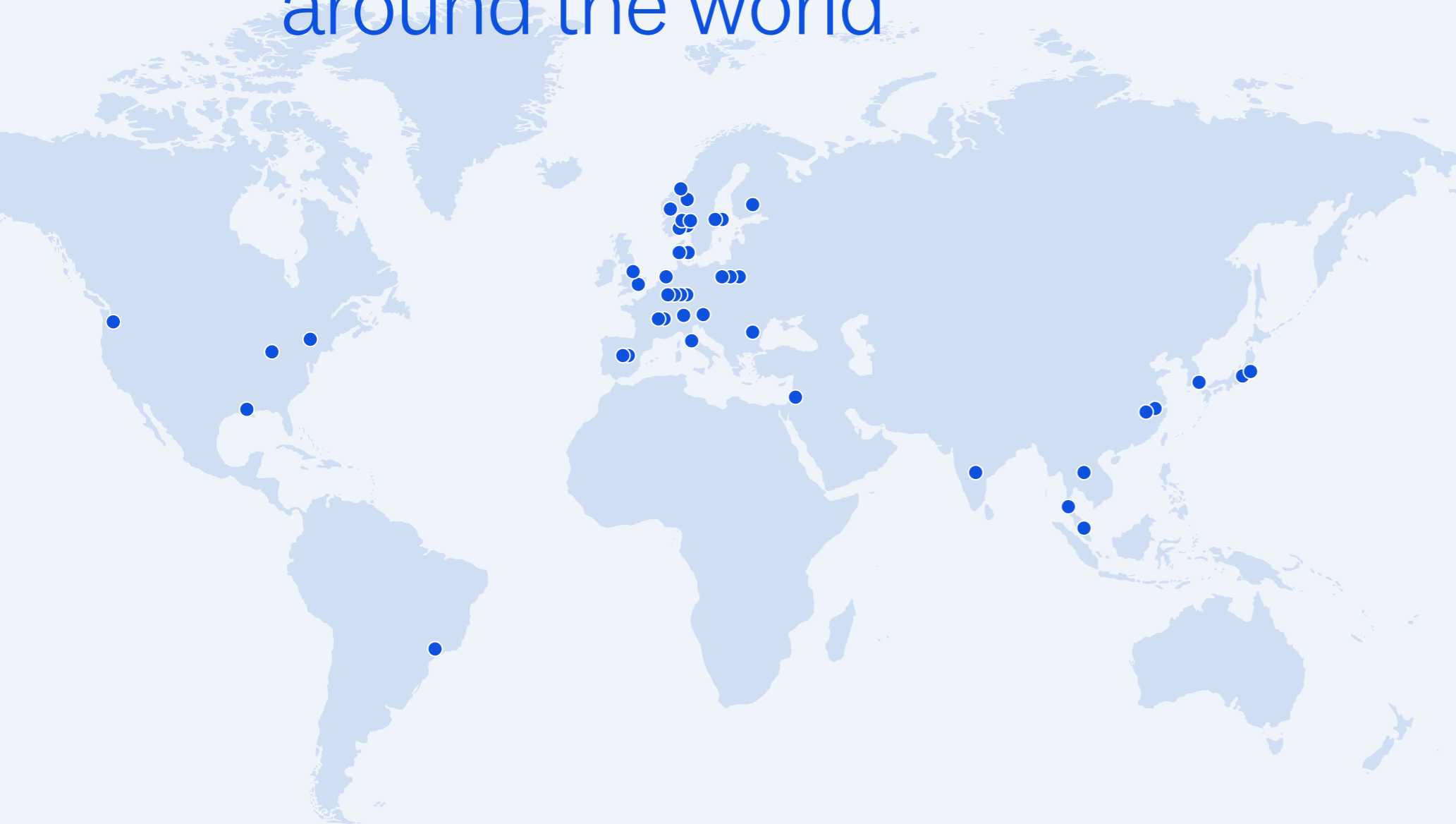
OPERATING PROFIT (MNOK)



PROFIT (-LOSS) FOR THE PERIOD (MNOK)



Arendals Fossekompani around the world



NUMBER OF EMPLOYEES BY COUNTRY

Norway	823	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	183	Sweden	59	Italy	6		
United Kingdom	180	Finland	47	Netherlands	6		
Poland	126	Switzerland	22	Singapore	6	Total	2,627

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 247 Head office
London, UK

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

Alytic

Employees 123 Head office
Arendal, Norway

Countries
Norway, Germany, Netherlands

Tekna

Employees 221 Head office
Sherbrooke, Canada

Countries
Canada, France, China, South Korea

ENRX

Employees 1,086 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, Spain

Vergia

Employees 3 Head office
Arendal, Norway

Countries
Norway

Arendals Fossekompani Group



FINANCIAL FIGURES (MNOK)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	1,402	1,360	5,436	4,587
Operating profit	31	83	440	429
Operating margin	2%	6%	8%	9%
Earnings before tax (EBT)	-12	79	397	426
Earnings after tax (EAT)	-77	-123	-19	-33
Operating cash flow	-17	207	-295	422
NIBD	569	-1,080	569	-1,080
Equity	3,633	3,784	3,633	3,784
Equity ratio	40%	48%	40%	48%

Currency rates (NOK/CAD)

Average Q4 2023: 7.83. Average Q4 2022: 7.38. End Q4 2023: 7.68. End Q4 2022: 7.28.

Currency rates (NOK/GBP)

Average Q4 2023: 13.13. Average Q4 2022: 11.85. End Q4 2023: 12.93. End Q4 2022: 11.85.

Currency rates (NOK/EUR)

Average Q4 2023: 11.42. Average Q4 2022: 10.10. End Q4 2023: 11.24. End Q4 2022: 10.51.



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

Head office
Arendal, Norway

Chair
Trond Westlie

Chief Executive Officer
Benjamin Golding

Employees
2,627

Countries
25

Arendals Fossekompani is an industrial investment company holding nine core investments and a portfolio of financial investments. These operations employ approximately 2,600 people in 25 countries.

HIGHLIGHTS OF Q4 2023

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

Total revenues for the Group amounted to NOK 1,402 million (1,360 million) in the fourth quarter. Consolidated earnings before tax came in at NOK -12 million (79 million). Ordinary profit after tax, but before non-controlling interests, totaled NOK -77 million (-123 million).

Total revenues increased by 3% compared to the same quarter the previous year, largely driven by portfolio companies Volue, ENRX and Tekna. The reduced operating profit compared to the fourth quarter of 2022 was mainly driven by lower electricity prices leading to lower revenues and profits from hydropower production, as well as higher operating loss in Ampwell. In addition, non-recurring items in Volue and Tekna reduced operating profit by a total of NOK 81 million in the quarter.

Operating in international markets, the AFK Group is naturally exposed to currency fluctuations. Revenue growth in ENRX, NSSLGlobal and Tekna was positively fueled by a weakened NOK compared to the fourth quarter of 2022. This positive currency effect largely offsets the lower hydropower revenues in the quarter.

VOLUME

Total operating revenues in the fourth quarter amounted to NOK 413 million (341 million), corresponding to a growth rate of 21% when comparing to the fourth quarter of 2022. SaaS revenues were NOK 106 million in the quarter, an increase of 35% compared to the fourth quarter of 2022, representing 26% of total revenues. Adjusted EBITDA in the quarter totalled NOK 86 million (64 million), corresponding to an adjusted EBITDA of 21% (19%)*. Large ongoing changes in the end market drives growth and further business opportunities for Volue.

NSSLGLOBAL

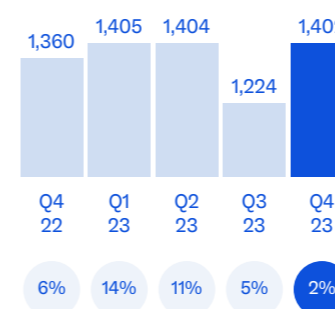
NSSLGlobal reports continued strong sales and operating profit as well as solid order intake. Revenues in the fourth quarter were GBP 23.3 million (23.1 million) and operating profit ended at GBP 3.4 million (1.6 million), corresponding to an operating margin of 15% (7%). NSSLGlobal won GBP 13 million of new business opportunities and/or contract extensions/upgrades during the quarter, of which a significant portion were two maritime contracts. NSSLGlobal's sales and pipeline continues to be strong across both maritime and governmental sectors.

TEKNA

Total revenues for the quarter came in at CAD 11.4 million (6.8 million), a 66% increase from the same quarter the year before. Adjusted EBITDA was CAD -0.3 million, a significant improvement from CAD -2.9 million in the fourth quarter of 2022. Tekna continues to experience strong demand for its advanced materials and systems. Total order backlog at the end of the quarter was CAD 24.0 million, on the same level as one year ago. The backlog was supported by CAD 11.2 million order intake in the period, up from CAD 10.4 million in Q3.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK) and operating margin



* Volue recognised a settlement cost from an arbitration proceeding totalling NOK 57 million in the quarter, of which NOK 50 million was recognised as operating expense.

ENRX

Total operating revenues in the fourth quarter amounted to EUR 41.9 million (38 million), a 12% increase from the same quarter in 2022. Revenue growth was driven by higher activity level within the Heat segment, with solid growth in the European and Asian regions. EBIT for the quarter ended at EUR 3.3 million (-2.9 million), corresponding to a margin of 8%. Order intake for 2023 continued its strong development from 2022, ending at EUR 166.5 million compared to EUR 157 million the year before. Total order intake for the quarter ended at EUR 36.8 million, compared to EUR 41.1 million in the same quarter the previous year. The backlog of EUR 86 million (94 million) for 2023 creates a solid fundament for continued profitable growth for 2024.

AFK VANNKRAFT

Both Hydropower production and prices were lower in the fourth quarter, compared to the corresponding quarter the year before. Electricity prices in the NO2 price area averaged EUR 70/MWh (165 MWh), while power generation in the quarter was 126 GWh (135 GWh). Lower production and prices reduced quarterly revenues and operating profit to NOK 117 million (232 million) and NOK 87 million (202 million), respectively. Provision for income tax in the quarter amounted to NOK 47 million (197 million) and NOK 294 million (387 million) for full year 2023. The tax provision in the quarter reflects that the high-price contribution, which was introduced on 28 September 2022, was abolished with effect from 1 October 2023.

AMPWELL

Fourth quarter sales in Commeo amounted to EUR 1.5 million, an increase from EUR 1.0 million in the third quarter. Operating revenue for the quarter was EUR -3.5 million due to reclassifications between operating revenue and operating costs, with accumulated effect for the entire year 2023, but without any effect on operating profit. Operational ramp-ups in Commeo, Collect Energy and parent company Ampwell contributed negatively to margins in the quarter.

SHARE PRICE LAST 10 YEARS (NOK)



ALYTIC

Alytics' portfolio companies continue to grow annual recurring revenues (ARR). In the fourth quarter, ARR grew to NOK 42 million, representing a 61% increase compared to the corresponding quarter the year before. During the quarter, new CEOs of Kontali and Factlines were appointed.

Arendals Fossekompani's financial position remains solid. The company's available cash at 31 December amounted to NOK 1,064 million. In addition, the company has undrawn credit facilities of NOK 1,132 million, securing available liquidity of NOK 2,195 million as per end of the quarter.

EVENTS AFTER THE CLOSE OF THE QUARTER

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

OUTLOOK

There is uncertainty associated with geopolitical turmoil, supply chain constraints, inflation, 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 2024, revenues and operating profit for AFK Vannkraft is expected to be lower in 2024 compared to 2023. AFK Group revenues are expected to be higher in 2024 than in 2023, driven by expected strong underlying growth in portfolio companies and revenue recognition of the third stage of the AFK Property development project Bryggebyen. Lower expected power prices, partly offsets the growth. Operating profit is expected to be lower in 2024 compared to 2023, driven by the latter, and reduced margins in NSSLGlobal.

SHARE PRICE

There is a total of 55,995,250 shares in the company. The share price on 31 December 2023 was NOK 164.8 (NOK 250.5), corresponding to a decrease of -34% since 31 December 2022. When including direct yield (dividend payouts) in the same period, total decrease in shareholder value was -33%. AFK's total market capitalization was NOK 9.2 billion at the end of December 2023. For the 10-year period from December 2013 to December 2023, compounded annual return to AFK shareholders was 14% (24% including dividends).

Group Management



FINANCIAL FIGURES (MNOK)

	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	3	14	13	23
Operating profit (EBIT)	-24	-22	-78	-86
Operating margin	-	-	-	-
Earnings before tax (EBT)	-31	-28	102	461
Earnings after tax (EAT)	-30	-15	92	456



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 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 to ensure long-term sustainable value creation.

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

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 the 31st of December amounted to NOK 1,064 million. In addition, the company has undrawn credit facilities of NOK 1,132 million, securing available liquidity of NOK 2,196 million as per end of the quarter.

CHANGES IN MANAGEMENT TEAM

Håkon Tanem and Ann-Kari Amundsen Heier commenced their positions as Executive Vice Presidents during the fourth quarter, adding core industrial and financial expertise to the company. Håkon Tanem has taken on the roles as board member in ENRX and Ampwell, while Ann-Kari has been appointed board member in NSSLGlobal and Tekna during the quarter.

Arendals Fossekompani Assets

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

Digitalisation & 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.

volue

AFK ownership 60%	Head office Oslo, Norway
Market cap (31.12) 3,057 MNOK	Listed at Oslo Børs

NSSLGlobal

AFK ownership 80%	Head office London, UK
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alytic

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

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

TEKNA

AFK ownership 70%	Head office Sherbrooke, Canada
Market cap (31.12) 1,039 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.

VANNKRAFT

AFK ownership 100%	Head office Froland, Norway
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ampwell

AFK ownership 100%	Head office Arendal, Norway
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Vergia

AFK ownership 100%	Head office Arendal, Norway
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Property

AFK | Property

AFK ownership 100%	Head office Arendal, Norway
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Our portfolio of Digitalisation & 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.



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

Volue

Portfolio company



FINANCIAL FIGURES (MNOK)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	413	341	1,486	1,219
EBITDA	31	22	215	147
Adjusted EBITDA*	86	64	267	203
Operating profit	-10	-4	87	40
Operating margin	-2%	-1%	6%	3%
Earnings before tax (EBT)	-27	-12	67	36
Operating cash flow	38	-74	37	154
NIBD	257	-298	257	-298
Equity	845	809	845	809
Equity ratio	40%	43%	40%	43%

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

volue

Based on 50 years of experience Volue is a European industrial software & data leader in the energy transition. Over 800 employees work with 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 Q4 2023

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

Total operating revenues in the fourth quarter amounted to NOK 413 million (341 million), corresponding to a growth rate of 21% (13% organic) when comparing to the fourth quarter of 2022. Adjusted EBITDA in the quarter totalled NOK 86 million (64 million), corresponding to an adjusted EBITDA of 21% (19%). The growth in revenues was positively influenced by fluctuations in exchange rates, representing a 3 percentage point growth impact when comparing with Q4 2022. Currency fluctuations impact on EBITDA was neutral.

The transformation towards recurring revenues and Software-as-a-Service (SaaS) continues. SaaS revenues were NOK 106 million in the quarter, an increase of 35% compared to Q4 2022, representing 26% of total revenues. Large ongoing changes in the end market drives growth and further business opportunities for Volue.

The Energy Segment generated NOK 211 million in Q4, representing an increase of 27% compared to Q4 2022. Following the proven market fit and successful entry into Japan with the Insight platform, Volue has decided to move forward with optimisation capabilities through the Smart Power suite. In the fourth quarter, Volue announced the signing of the first deal with an undisclosed counterpart. The deal effectively broadens the product offering in the country and sets Volue up for the next phase of the geographical expansion. The energy segment faced headwinds in non-recurring volatility revenues when compared to the fourth quarter of 2022. However, the effect on non-recurring revenues was countered by improved performance in project delivery on implementation projects, leaving non-recurring revenues comparable to the similar quarter previous year.

Volue received the verdict from an arbitration proceeding during the quarter, as disclosed to the stock exchange 18 November 2023. The verdict, which is final and cannot be appealed, requires Volue to pay a settlement to the counterparty following a dispute from 2021. The related Q4 impact was NOK 57 million, of which NOK 50 million was booked as other operating expenses and defined as non-recurring in adjusted EBITDA, and NOK 7 million as other finance costs. Interests from 2021 of NOK 7 million and legal costs of NOK 6 million increase the total impact from the announced NOK 44 million to NOK 57 million.

For the Power Grid Segment, operating revenues in the fourth quarter amounted to NOK 91 million, equal to a growth rate of 21% from the same quarter last year. Increased delivery capacity and good sales closing has made basis for progress in the area. The Infrastructure segment generated revenues of NOK 71 million in the fourth quarter, up from NOK 54 million in the same quarter last year, corresponding to a 32% growth. For the Infrastructure segment, Volue has an expansion strategy focused on one country at a time, and is currently taking the construction offering to Sweden.

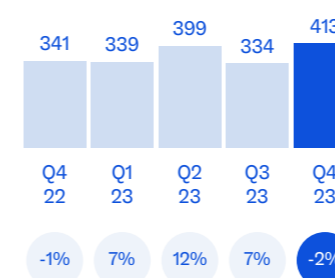
Recurring revenues constituted 66% of total revenues and reached NOK 272 million in the quarter, an increase of 29% from the fourth quarter of 2022. The company is working on several new initiatives, such as Distributed Energy Resources and new products related to optimisation and trading solutions.

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 to pursue business opportunities in the market. Measures are in place to counter margin effects, and Volue target 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%, a 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.

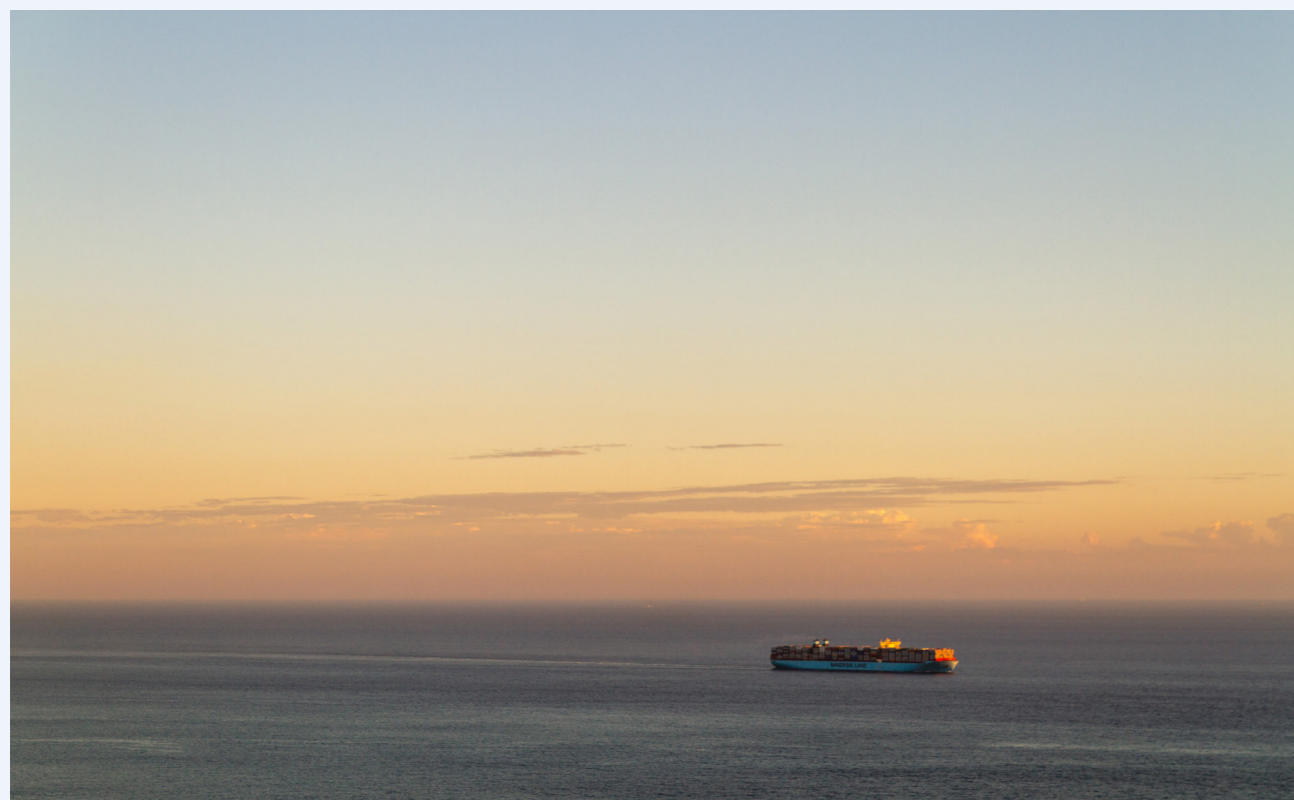
DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



NSSLGlobal

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	313	275	1,203	1,042
Operating profit	46	20	209	209
Operating margin	15%	7%	17%	20%
Earnings before tax (EBT)	45	47	208	236
Operating cash flow	-4	32	113	154
NIBD	-351	-356	-351	-356
Equity	600	524	600	524
Equity ratio	57%	57%	57%	57%

Currency rates (NOK/GBP)

Average Q4 2023: 13.13. Average Q4 2022: 11.85. End Q4 2023: 12.93. End Q4 2022: 11.85.

NSSLGlobal

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
247

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. 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 Q4 2023

Total revenues for the fourth quarter were GBP 23.3 million, GBP 0.2 million higher than the same quarter in 2022. Operating profit in the quarter was GBP 3.4 million, compared to GBP 1.6 million in the fourth quarter of 2022. This largely reflects the changes in the product mix of sales. The introduction and fast take up of FusionIP^{LEO} upgrades in 2023 have typically had higher average revenue per user, but lower margins compared to the higher margin government equipment sales in 2022. Note that government equipment sales in 2022 were to a larger extent influenced by the war in Ukraine.

During the quarter, NSSLGlobal won GBP 13 million of new business opportunities and/or contract extensions/upgrades. A significant portion was due to two maritime contracts including: A 4-year and GBP 8.4 million contract, a FusionIP^{LEO} upgrade across its fleet, as well as a one-year VSATIP@Sea extension contract valued at GBP 865 thousand.

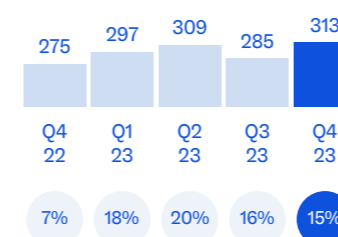
NSSLGlobal also announced a new contract with the Hannover Fire Brigade Disaster Response Communications, as well as a partnership with Farsounder to provide NSSLGlobal customers with Forward-Looking Sonars useful for safe navigation and obstacle avoidance.

OUTLOOK

NSSLGlobal expects 2024 revenues to be in line with 2023. The continued strong top-line is driven by a solid pipeline for project sales, both maritime and governmental. However, operating profit is expected to be lower than in 2023 largely driven by reduced airtime margins. The switch from NSSLGlobal customers to FusionIP^{LEO} means increased volumes and revenues, but lower margins. The lower margins are explained by the LEO distribution model, as well as operating cost increases, in part due to inflation and in part due to filling vacancies that were unfilled in 2022 and much of 2023.

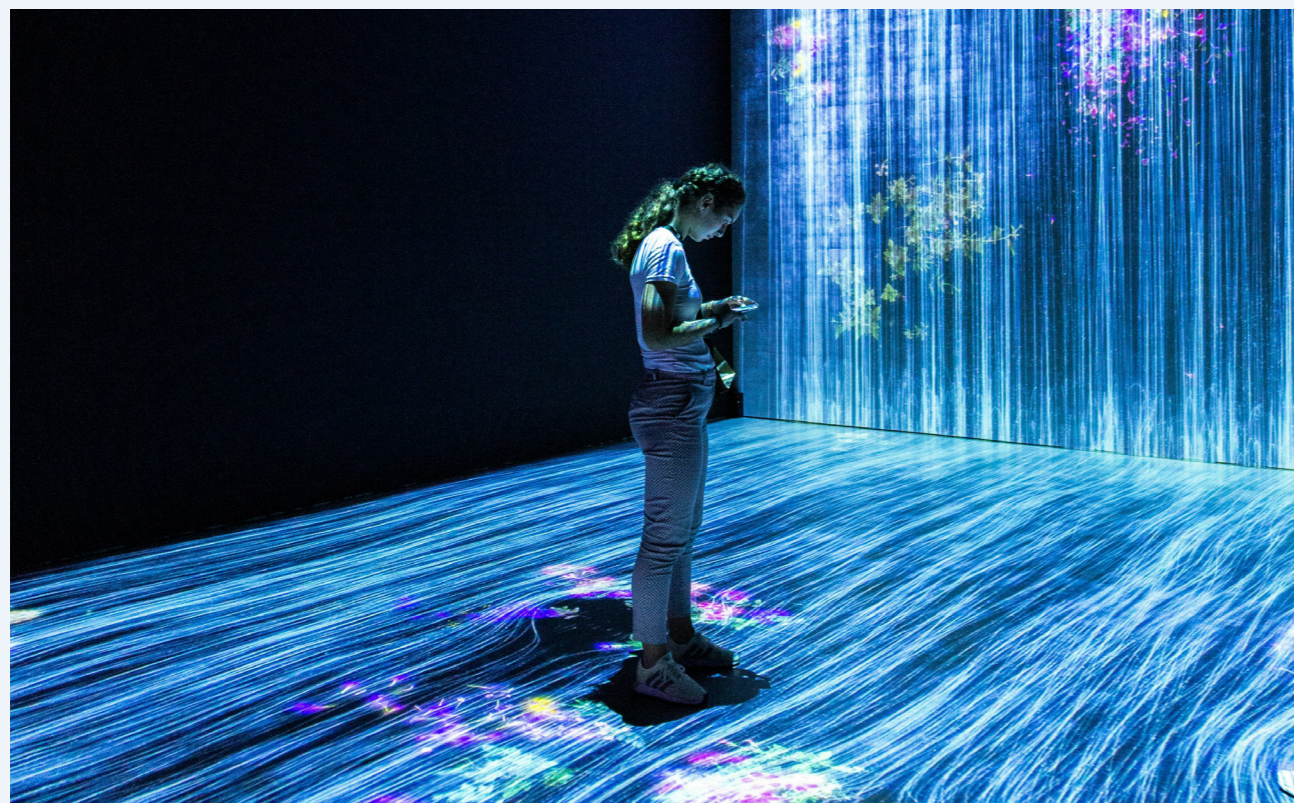
DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Alytic

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	12	12	46	41
Operating profit	-24	-16	-85	-46
Operating margin	-198%	-132%	-184%	-112%
Earnings before tax (EBT)	-24	-16	-85	-45
Operating cash flow	-4	-8	-47	-35
NIBD	-28	-45	-28	-45
Equity	140	132	140	132
Equity ratio	62%	67%	62%	67%

alytic

Alytic invests in data businesses with strong domain competence and works actively with them to develop 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

HIGHLIGHTS OF Q4 2023

The Alytic portfolio is delivering on important strategic milestones as the portfolio companies launch new products and grow recurring revenues. In each portfolio company, the initial focus has been to establish a foundation for growth and technological development. This is resulting in the portfolio companies continuing to grow annual recurring revenues (ARR). In the fourth quarter of 2023, ARR grew to NOK 42 million, representing a 61% increase compared to the corresponding quarter in 2022, thereby providing a strong foundation for growth going into 2024.

KONTALI

Kontali grew ARR 52% YoY. With a strong brand in the salmon category and the scalable seafood insights portal that was launched last year, Kontali is well positioned for growth. Continued growth in sales for the salmon product is expected along with sales for the new shrimp product which was launched in the second half of 2023. Former Google and Microsoft executive Kjetil Angell Kjerstad was in the quarter appointed new CEO of Kontali. Kjerstad will assume his new position on April 1.

VEYT

Veyt grew ARR by 74% YoY. With the successful launch of their EU ETS product, Veyt is accelerating its presence in the low carbon and renewable energy markets. Their expertise in delivering detailed data and insights is empowering businesses to make informed decisions for decarbonization. Going forward, this strategic direction is expected to further strengthen Veyt's market position and contribute to significant ARR growth and customer base expansion.

FACTLINES

With strong sales throughout the year, Factlines grew ARR 128% YoY. Factlines launched their rewritten and redesigned supply chain transparency software in Q4 after soft-launching and testing since the end of Q2. Factlines is continuing their growth journey with their new EU Taxonomy product. Former Hill+Knowlton top executive Henrik Halvorsen was in the quarter appointed new CEO of Factlines. Halvorsen assumed his new position on January 22.

UTEL

Utel's deep expertise in capturing and analyzing telecommunication network data is being applied to develop a general solution for anomaly detection, with a particular focus on fraud detection. With the development of a marketable fraud management solution as a key goal, Utel made further progress in Q4 as the solution was implemented with a key customer for further testing and development.

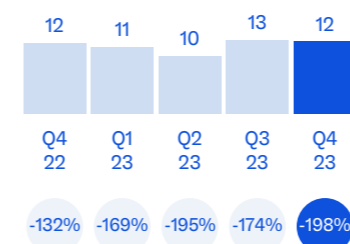
OUTLOOK

Alytic is working closely with all portfolio companies and has recently committed new capital to accelerate their growth journey.

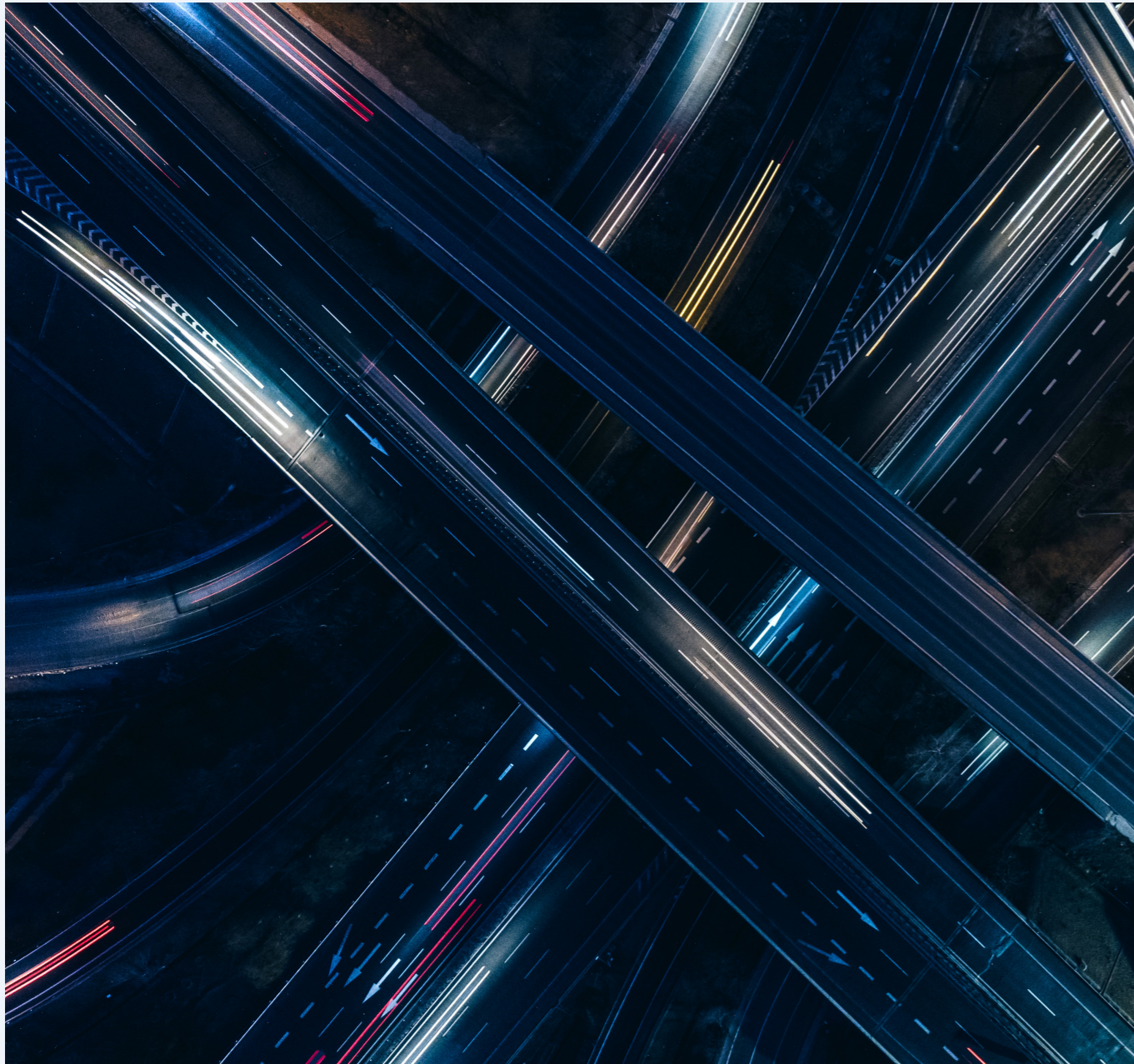
All portfolio companies are on a growth trajectory, expanding rapidly both in team size and competence. Alytic expects continuous product launches and upgrades throughout 2024 as the portfolio companies keep investing in product development. Alytic maintains its strategic focus on sales and marketing teams in its companies and anticipates robust ARR growth in the upcoming quarters.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Our portfolio of Electrification & Materials Companies



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

TEKNA

AFK ownership
70%

Market cap (31.12)
1,039 MNOK

Head office
Sherbrooke, Canada

Listed at
Oslo Børs

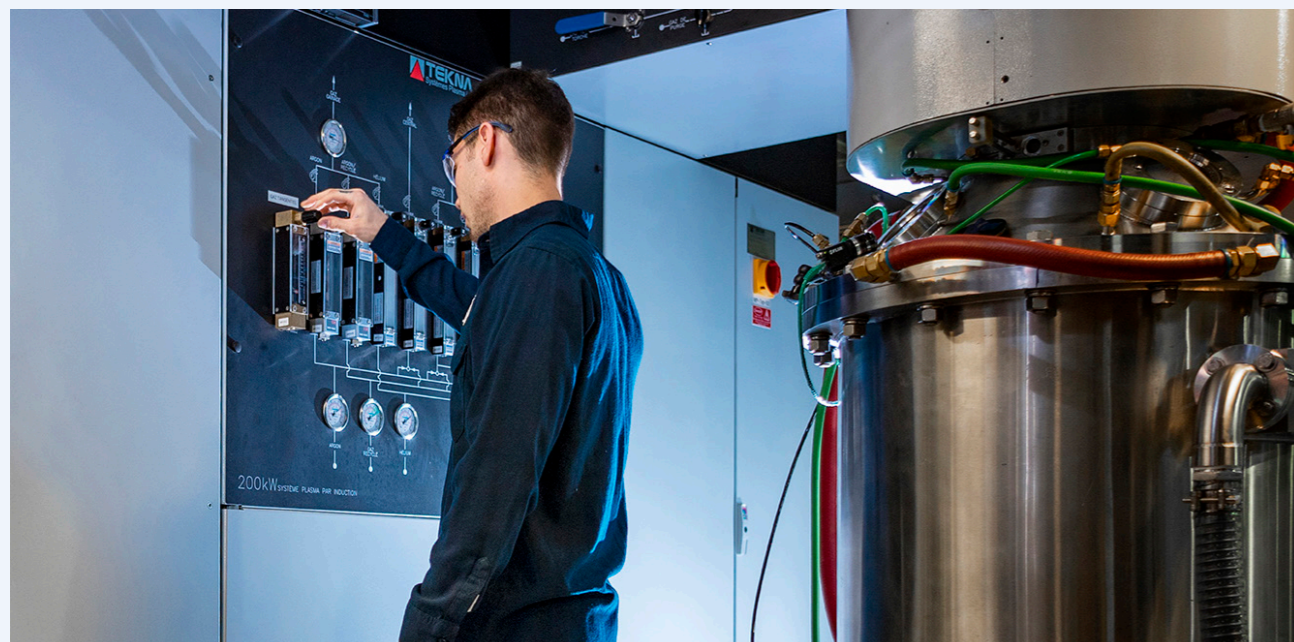
ENRX

AFK ownership
95%

Head office
Skien, Norway

Tekna

Portfolio company



FINANCIAL FIGURES (MNOK)	Q4 2023	Q4 2022	FY 2023	FY 2022
Operating revenue	90	51	320	199
EBITDA	-35	-32	-62	-124
Adjusted EBITDA*	-2	-21	-31	-95
Operating profit	-43	-40	-95	-153
Operating margin	-48%	-79%	-30%	-77%
Earnings before tax (EBT)	-36	-39	-105	-166
Operating cash flow	-9	-11	-100	-145
NIBD	115	-40	115	-40
Equity	307	389	307	389
Equity ratio	52%	72%	52%	72%

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

Currency rates (NOK/CAD)

Average Q4 2023: 7.83. Average Q4 2022: 7.38. End Q4 2023: 7.68. End Q4 2022: 7.28.

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
70%

Employees
221

Countries
4

HIGHLIGHTS OF Q4 2023

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

In the fourth quarter of 2023, operating revenue came in at CAD 11.4 million, a 66% increase from the same period the year before. Both Systems (+125%) and Advanced Materials (+40%) contributed to the revenue growth.

Adjusted EBITDA for Q4 was CAD -0.3 million, a significant improvement from CAD -2.9 million in Q4 of 2022. An adjustment to EBITDA in Q4 has been made for a non-recurring CAD 4 million bad debt provision taken on the receivables towards Tekna's joint venture Imphytek. The background for the provision is based on a weak market for nickel alloy powders and accumulated losses in the Joint Venture. The profitability improvement during 2023 is driven by the solid 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 liquidity. The cash position at year-end was CAD 10.1 million. In 2023, Tekna agreed with Arendals Fossekompani on the terms of a CAD 25 million loan facility, the third tranche of CAD 5 million has not yet been drawn.

Tekna continues to experience strong demand for its products. Total order backlog at the end of the quarter was CAD 24.0 million, on the same level as one year ago. The backlog was supported by CAD 11.2 million order intake in the period, up from CAD 10.4 million in Q3.

The Systems market continues to thrive with several new contracts awarded. 12 plasma machine orders have been announced during 2023, at a total value of 12.1 CAD million, from customers in industrial and academic sectors in Asia, Europe and North America. Gross margin for Systems has improved over last year with improved productivity, and pricing adjusted to reflect cost inflation.

Within Advanced Materials, Tekna responded to growing customer demand with successful implementation of capacity and productivity improvement programs. Tekna built a strong backlog of CAD 14.6 million to start 2024. The company expects to accelerate deliveries of its smaller cut size titanium powder to the consumer electronics customers using metal injection molding and binder jetting applications for the manufacturing of smart devices.

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*.

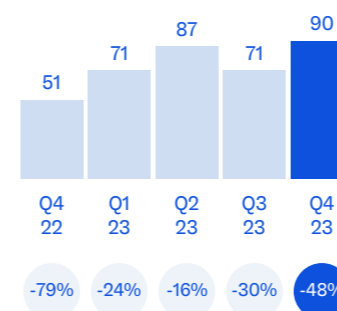
High demand for Tekna's products and its order backlog is enabling continued growth in 2024. Tekna is expecting a further improvement of margins in 2024, supported by the strong order backlog, increased production capacity and organizational productivity.

At present, Tekna prioritizes significant opportunities in additive manufacturing and systems. While Tekna is focusing strategically on revenue opportunities in the near term, it is pursuing the development of high potential upsides in microelectronics. Tekna also remains engaged in dialogues with strategic partners in the energy storage industry. Tekna continues to focus on improvement of profitability and cash flow, emphasizing operational excellence and working capital optimization.

* Source: Smartech 2022

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



ENRX

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q4 2023	Q4 2022	FY 2023	FY 2022
Operating revenue	487	388	1,800	1,338
Operating profit	38	-29	116	-3
Operating margin	8%	-7%	6%	0%
Earnings before tax (EBT)	30	-35	71	-20
Operating cash flow	58	134	4	46
NIBD	641	425	641	425
Equity	417	384	417	384
Equity ratio	21%	22%	21%	22%

Currency rates (NOK/EUR)

Average Q4 2023: 11.42. Average Q4 2022: 10.10. End Q4 2023: 11.24. End Q4 2022: 10.51.

ENRX

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

Head office
Skien, Norway

Chair
Benjamin Golding

Chief Executive Officer
Bjørn E. Petersen

Ownership
95%

Employees
1,086

Countries
20

HIGHLIGHTS OF Q4 2023

Total operating revenue in the fourth quarter amounted to EUR 41.9 million, a 12% increase from the same quarter in 2022. Revenue growth was driven by a higher activity level within the Heat segment. The company saw solid growth in the European and Asian regions in the quarter compared to the fourth quarter of 2022, while some sliding deliveries were holding North America slightly back. Operating revenue for the year came in at EUR 157.6 million vs EUR 132.5 in 2022, corresponding to a growth of 19%.

Operating costs decreased compared to the same quarter the previous year, mainly reflecting the restructuring costs in the fourth quarter of 2022 related to the loss-making German operation. Adjusted for the restructuring costs, the operating costs were reduced by 1% compared to the fourth quarter of 2022.

EBIT for the fourth quarter ended at EUR 3.3 million, up from negative EUR 2.9 million in the same quarter the previous year. The positive development was partly driven by restructuring of parts of the German operations during the first half of 2023. The EBIT corresponds to a margin of 8% compared to -7.7% in the same quarter the year before. EBIT for the year ended at EUR 10.1 million compared to EUR -0.3 million in 2022.

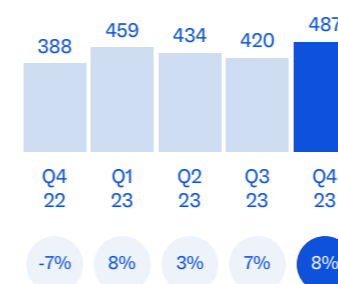
The EBIT is still impacted by inflation effects and is not fully absorbed into the older parts of the order backlog.

OUTLOOK

Order intake for 2023 continued its strong development from 2022, ending at EUR 166.5 million compared to EUR 157 million the year before. Total order intake for the quarter ended at EUR 36.8 million, compared to EUR 41.1 million in the same quarter the previous year. The backlog of EUR 86 million (94 million) for 2023 creates a solid fundament for continued profitable growth for 2024. The market for heating products is still considered strong. That said, ENRX expects the market to soften somewhat in the coming months, as customers' decision processes typically take longer, and orders are pushed. The Charge division activities in 2024 are mainly related to the Dynamic Road project in Florida and R&D activities within the main activities: Charging for public transport, Industrial low power charging, and Industrial high power charging.

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)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	117	232	511	606
Operating profit	87	202	414	535
Operating margin	74%	87%	81%	88%
Earnings before tax (EBT)	87	202	414	535
Earnings after tax (EAT)	40	5	119	148

AFK VANNKRAFT

AFK Vannkraft generates power from 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 Q4 2023

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

Hydropower production in the fourth quarter of 2023 was lower than the same quarter the previous year, and the prices were down from the high price levels seen in 2022. Power generation in the fourth quarter amounted to 126.4 GWh (134.8 GWh). Precipitation and inflow year-to-date were respectively around 107% and 108% of the norm for the watercourse, and total reservoir levels in the watercourse were higher than normal by the end of the quarter.

Arendals Fossekompani has a defined strategy for selling hydropower production in the day-ahead (spot) market. The average price in the NO2 price area during the fourth quarter was 70 EUR/ MWh (165 EUR/MWh).

During the fourth quarter in 2022, the record-breaking prices in the three first quarters started to decrease. In 2023, the prices decreased further from the high prices in 2022 due to less uncertainty related to the coal and gas markets caused by tensions in Europe. In addition, the precipitation and inflow were higher in 2023 than in 2022. In the beginning of Q4, prices in price area NO2 decreased to the lowest prices seen in 2023, with negative prices in certain periods. This was a result of a high production from wind power in Germany and Denmark, limited export capacity from Norway to Germany and high reservoir filling. However, prices increased throughout the quarter driven by colder weather and higher consumption.

Provision for income tax in the quarter amounted to NOK 47 million (197 million) and NOK 294 million (387 million) for full year 2023. The tax provision in the quarter reflects that the high-price contribution, which was introduced on 28 September 2022, was abolished with effect from 1 October 2023.

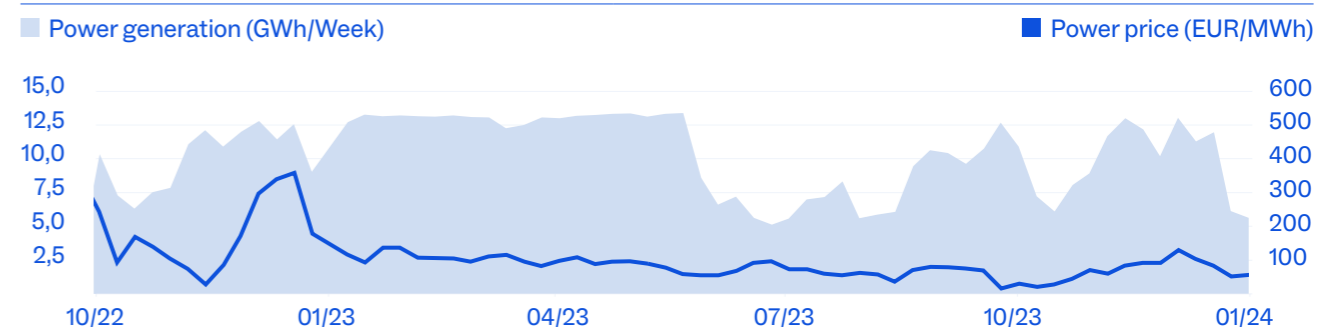
The chart below shows the weekly power prices (NO2) and power generation within the period 30/09/2022 – 31/12/2023.

OUTLOOK

AFK Vannkraft has started the rehabilitation of the exterior of the Bøylefoss hydropower plant building, and this work will continue in 2024. Further investments in the coming years include the upgrading of the dam facilities and investments in the Bøylefoss power plant. AFK Vannkraft is required by regulations to improve the dam facilities to meet climate changes. The reconstruction of dams will start once detailed requirements have been agreed with the Norwegian Water Resources and Energy Directorate (NVE). Investments at Bøylefoss power plant include improvement of the machinery to ensure continued production of renewable energy for current and future generations.

Considering the market's estimated power price trends for 2024, water levels and forecasted production, AFK Vannkraft expects revenues and operating profit for 2024 to be lower than for 2023. Actual energy prices depend on many factors, including hydrological balance, oil and gas prices, weather conditions, temperatures and more.

POWER PRICE & POWER GENERATION



Ampwell

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	-39	54	56	106
Operating profit	-34	-23	-108	-53
Operating margin	-87%	-42%	-193%	-50%
Earnings before tax (EBT)	-45	-25	-123	-62
Operating cash flow	-217	-9	-206	-64
NIBD	875	373	875	373
Equity	-73	31	-73	31
Equity ratio	-89%	62%	-89%	62%

Currency rates (NOK/EUR)

Average Q4 2023: 11.42. Average Q4 2022: 10.10. End Q4 2023: 11.24. End Q4 2022: 10.51.

* Operating revenue in Q4 2023 was negative due to reclassifications between operating revenue and operating cost, with accumulated effect for the entire year 2023, but without any effect on operating profit.

ampwell

Ampwell was established by Arendals Fossekompni 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, secure energy supply and enable the green transition. 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
3

COMMEO

Established in 2014, Commeo has developed its proprietary energy storage system targeted primarily towards the Commercial & Industrial (C&I) segment, a segment with estimated average annual growth rate in the German market of 12%* towards 2030. Commeo systems typically range from 50 kWh to 1 MWh, but the modular plug-and-play setup allows for even larger systems. The company's battery modules offer complex functionality, long cycle life and safety features, targeting customers with intricate energy storage needs. Commeo is expanding its production capacity through the construction of a new semi-automatic production line which, when completed at the end of 2024, will make it a significant manufacturer of C&I modules in the German market.

CELLECT ENERGY

In 2022, Arendals Fossekompni 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 utilise 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 owns 61% of the company per year-end.

HIGHLIGHTS OF Q4 2023

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

Fourth quarter sales in Commeo amounted to EUR 1.5 million, an increase from EUR 1.0 million in the third quarter. However, as stated in the financial statements, operating revenue for the quarter was EUR -3.5 million due to reclassifications between operating revenue and operating costs, with accumulated effect for the entire year 2023, but without any effect on operating profit.

Battery module sales in the quarter were adversely impacted by reduced investment level in Commeo's target segment. The development was impacted by softening of the German economy, as well as a temporary price cap on electricity and a possible new proposed battery subsidy scheme. Operational ramp-ups in Collect Energy and parent company Ampwell also contributed negatively to margins in the quarter.

OUTLOOK

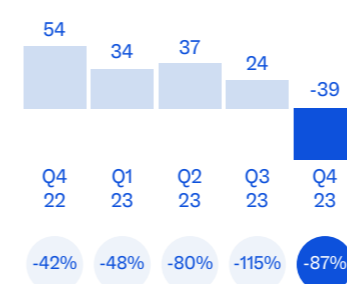
While 2023 sales were below expectation, the fundamental trend for battery storage installations is still strong. As such, Commeo sales levels are expected to increase in 2024. However, longer sales processes in Commeo's target segment somewhat dampens short term growth.

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

For 2024, Ampwell expects to generate higher revenues compared to 2023. Operating profit is expected to remain negative due to the ramp-up phases of production of battery modules, as well as the development of related software solutions.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



* Wood Mackenzie 2023

Vergia

Portfolio company



FINANCIAL FIGURES (MNOK)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	0	1	1	1
Operating profit	-3	-2	-8	-7
Operating margin	-	-	-	-
Earnings before tax (EBT)	-4	-8	-28	-18
Operating cash flow	-2	-5	-14	-7
NIBD	19	5	19	5
Equity	-12	9	-12	9
Equity ratio	-99%	28%	-99%	28%



Established early in 2022, Vergia is an Arendals Fossekompani initiative that combines all existing green infrastructure projects and related portfolio companies. 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 Goding

Chief Executive Officer
Martin Kjäll-Ohlsson

Ownership
100%

Employees
3

Countries
1

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

OFFSHORE WIND

Arendals Fossekompani and Ferd, two of Norway's leading industrial investment companies, have come together to establish the offshore wind company Seagust. Seagust is structured as a 50:50 joint venture between Vergia and Ferd, with a mandate to become an offshore wind developer with domestic and international operations.

AMMONIA

Vergia and Grieg Maritime Group have joined forces to create a leading provider of green ammonia. North Ammonia is dedicated to developing the next generation green fuels for shipping and transportation. The company builds on extensive first-hand experience. Grieg Maritime Group has more than 60 years of experience in shipping. Arendals 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.

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.

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 it highly suitable for power intensive industries. Bøylestad Energy Park also offers proximity to highway systems, a railway and a port, which increases the strategic value of the area.

HYDROGEN

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

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)

	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue and other income	5	4	18	35
Operating profit	-2	-3	-10	-7
Operating margin	-31%	-63%	-55%	-19%
Earnings before tax (EBT)	-4	-4	-14	-10
Operating cash flow	-1	-18	1	-40
NIBD	197	135	197	135
Equity	184	206	184	206
Equity ratio	30%	47%	30%	47%

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

The third stage of the apartment complex at Bryggebyen is progressing according to plan, with 44 of 48 apartments sold per end of the quarter. The sales will be recognized as revenue upon hand-over of the apartments, which is expected to take place in Q2 2024.

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

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

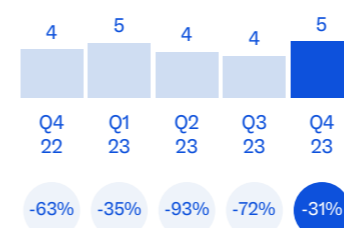
This 170,000 sqm property is located outside the city of Arendal, close to the E18 highway and the main production site of the coming Morrow Batteries factory. After the process to regulate the Longum property for commercial development started, the first inquiries for purchasing and/or renting space 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 (rebranded to Scanmatic as of 1 January 2024) on a 25-year bare-house agreement. The area has grown in attractiveness following the completion of a new feed-in road to the E18 highway.

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 fourth quarter, a total of 1,137,911 were treasury shares. The share price was NOK 164.8 on 31 December 2023, compared to NOK 137.8 on 30 September 2023, and NOK 250.5 on 31 December 2022.

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

AFK Group revenues are expected to be higher in 2024 than in 2023, driven by expected strong underlying growth in portfolio companies and revenue recognition of the third stage of the AFK Property development project Bryggebyen. Lower expected power prices, partly offsets the growth. Operating profit is expected to be lower in 2024 compared to 2023, driven by the latter, and reduced margins in NSSLGlobal. Note that there is uncertainty associated with geopolitical turmoil, supply chain constraints, inflation, interest rates, as well as the development of energy prices.

VOLUE

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

ENRX

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

NSSLGLOBAL

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

TEKNA

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

ALYTIC

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

AFK VANNKRAFT

AFK Vannkraft expects revenue and operating profit to be lower in 2024 compared to 2023.

AMPWELL

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

AFK PROPERTY

AFK Property expects revenue and operating profit to be higher in 2024 compared to 2023, as the third stage of the apartment development project in Bryggebyen is scheduled for delivery in 2024.

VERGIA

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

Froland, 9 February 2024

The Board of Directors, Arendals Fossekompni ASA

Financial Statements



CONSOLIDATED STATEMENT OF INCOME

(MNOK)						
	Note	Q4 2023	Q3 2023	Q4 2022	Full year 2023	Full year 2022
Revenue	6	1394	1221	1355	5 396	4 569
Other Income		8	3	5	40	18
Revenue and other income		1402	1224	1360	5 436	4 587
Materials and consumables used		342	491	447	1 731	1 447
Employee benefit expenses		542	479	519	2 010	1 691
Other operating expenses	2	399	113	226	936	722
Operating expenses		1 282	1 083	1 191	4 677	3 860
EBITDA		120	141	168	759	726
Depreciation	2	51	43	45	180	184
Amortisation		38	39	31	139	104
Impairment loss property, plant and equipment	3	-	-	0	-	0
Impairment loss intangible assets	3	-	-	9	-	9
Operating profit		31	60	83	440	429
Finance income		34	23	42	175	118
Finance costs		82	46	25	184	81
Net financial items		-47	-23	17	-10	37
Share of profit or loss of associates and joint ventures		4	-13	-21	-33	-40
Profit before income tax		-12	24	79	397	426
Income tax expense	5	64	78	202	416	458
Profit (-loss) for the period		-77	-54	-123	-19	-33
Attributable to:						
Non-controlling interests		-27	-16	-34	-51	-38
Equity holders of the company		-50	-38	-89	32	6
Basic/diluted earnings per share (NOK)		-1,40	-0,99	-2,24	-0,35	-0,59
Statement of comprehensive income						
Items that may be reclassified to statement of income						
Total Effect from Foreign Exchange		-24	-65	-78	79	56
Change on Cash flow hedges		16	6	-33	6	-9
Tax on cash flow hedges that may be reclassified to P&L		-3	-1	1	-1	2
Items that may be reclassified to statement of income		-11	-60	-110	83	50
Items that will not be reclassified to statement of income						
Change in financial assets at fair value through OCI		-2	-1	1	2	-3
Actuarial gains and Losses		-1	-	-2	-1	-2
Tax on OCI that will not be reclassified to P&L		-	-	1	-	1
Items that will not be reclassified to statement of income		-4	-1	-1	1	-5
Total Other Comprehensive Income (OCI)		-15	-61	-111	84	45
Profit (-loss) for the period		-77	-54	-123	-19	-33
Total Comprehensive Income		-92	-115	-234	65	12
Attributable to:						
Non-controlling Interests		-30	-37	-48	-28	-25
Equity holders of the parent		-62	-79	-186	92	37
Total Comprehensive Income per share (NOK)		-1,68	-2,11	-4,26	1,18	0,22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MNOK)	Note	Q4 2023	Q3 2023	Full year 2022
Assets				
Property, plant and equipment		1 426	1 260	1 086
Intangible assets		2 324	2 309	1 757
Investments in associates and joint ventures		18	14	37
Net pension assets		28	26	25
Non-current receivables and investments		263	320	264
Deferred tax assets		116	102	108
Non-current assets		4 176	4 031	3 277
Inventories		1 284	1 233	845
Contract assets		182	254	137
Current receivables		1 401	1 171	1 345
Cash and cash equivalents		1 926	2 035	2 212
Derivatives - current assets:		5	8	11
Financial assets at fair value through OCI		16	18	12
Financial assets classified as held for trading		2	-	-
Current assets		4 815	4 720	4 563
Total assets		8 991	8 751	7 840
Equity and liabilities				
Share capital		224	224	224
Other paid-in capital		26	25	22
Treasury shares		-113	-116	-110
Other reserves		30	51	-7
Retained earnings		2 820	2 909	2 994
Capital and reserves attributable to owners of the company		2 987	3 094	3 123
Non-controlling Interests		646	661	661
Total equity		3 633	3 754	3 784
Non-current bond loans		498	498	498
Non-current interest-bearing debt		1 779	1 585	353
Pension liabilities		37	26	24
Non-current provisions		29	28	34
Deferred tax liabilities		67	61	65
Non-current lease liabilities		229	192	203
Non-current liabilities		2 639	2 390	1 176
Current interest-bearing debt		33	22	171
Bank overdraft		188	147	111
Derivatives - current liabilities		4	19	9
Accounts payable		491	714	970
Payable income tax		369	354	437
Contract liabilities		245	359	233
Current lease liabilities		74	52	58
Current provisions		42	30	118
Other current liabilities		1 274	908	773
Current liabilities		2 719	2 606	2 880
Total liabilities and equity		8 991	8 751	7 840

CONSOLIDATED STATEMENT OF CASH FLOWS

(MNOK)		Full year 2023	Full year 2022
Cash flow from operating activities			
Profit (-loss) for the period		-19	-34
Adjusted for			
Depreciation, Impairment and Amortization		319	298
Net financial items		10	-37
Share of profit from associates and joint ventures		33	40
Gain/Loss from sales of assets		2	-
Tax expense		416	458
Total after adjustments to net income		761	725
Change in Inventories		-409	-276
Change in trade and other receivables		98	-224
Change in trade and other payables		-535	180
Change in other current assets		-123	-16
Change in other current liabilities		399	248
Change in other provisions		5	-21
Change in employee benefits		7	-1
Total after adjustments to net assets		203	616
Tax paid		-498	-194
Net cash from operating activities	A	-295	422
Cash flow from investing activities			
Interest received and realized FX gains		88	61
Dividends received		3	3
Proceeds from sales of PPE		1	4
Purchase of PPE and intangible assets		-628	-358
Purchase of financial assets at fair value		-2	-
Purchase of other investments		-14	-54
Proceed from sale of other investments		46	6
Purchase of shares in subsidiaries		-424	-287
Proceeds from the sales of shares in subsidiaries		12	4
Net cash from investing activities	B	-917	-621
Cash flow from financing activities			
New long-term borrowings		1 381	269
Repayment of long-term borrowings		-181	-163
Cash Flow from issuance of receivables		-28	-93
Cash Flow from Net change in current interest bearing debt		108	42
Interest paid and realized FX losses		-167	-55
Dividend paid		-251	-231
Cash flow from treasury shares		1	-31
Net cash from financing activities	C	861	-254
Cash Flow	A+B+C	-350	-452
Opening balance for cash and cash equivalents		2 212	2 641
FX effects on cash accounts		64	23
Closing balance for cash and cash equivalents		1 926	2 212

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	-	-	-	-	6	6	-39	-33
Total Other Comprehensive Income (OCI)	-	-	-	33	-2	31	13	45
Effect of share based payment	-	-	-	-	11	11	4	15
Treasury shares	-	12	-47	-	2	-33	0	-33
Gain from sale of shares in subsidiaries	-	-	-	-	325	325	-	325
Other changes from subsidiaries	0	-	-	7	-178	-171	162	-9
Dividends paid	-	-	-	-	-411	-411	-24	-435
Closing balance at 31.12	224	22	-110	-7	2 994	3 123	661	3 784
Opening balance at 01.01 2023	224	22	-110	-7	2 994	3 123	661	3 784
Profit (-loss) for the period	-	-	-	-	33	33	-52	-19
Total Other Comprehensive Income (OCI)	-	-	-	64	-4	60	24	84
Treasury shares	-	4	-3	-	2	3	2	5
Other changes from subsidiaries	0,0000	0,00	-	-27	20	-7	36	29
Dividends paid	-	-	-	-	-224	-224	-26	-250
Closing balance at 31.12	224	26	-113	30	2 820	2 987	646	3 633

STATEMENT OF INCOME PARENT COMPANY

(MNOK)

	Note	Q4 2023	Q3 2023	Q4 2022	Full year 2023	Full year 2022
Revenue		114	75	231	504	605
Other Income		5	3	14	16	23
Revenue and other income		119	77	245	519	628
Materials and consumables used		-	-	14	-1	4
Employee benefit expenses		25	20	28	76	78
Other operating expenses		28	20	19	95	83
Operating expense		53	39	61	170	165
EBITDA		66	38	184	350	463
Depreciation		4	3	3	13	12
Amortisation		0	0	0	2	2
Operating profit		62	34	180	335	449
Finance income and finance costs						
Finance income	7	37	12	17	268	601
Finance costs		44	25	23	88	55
Net financial items		-7	-14	-6	180	547
Profit before tax		56	21	174	515	996
Income tax expense		45	41	183	303	392
Profit (-loss) for the period		10	-20	-9	211	604
Basic/diluted earnings per share (NOK)		0,18	-0,37	-0,17	3,85	11,01
Statement of comprehensive income						
Profit for the period		10	-20	-9	211	604
Change in financial assets at fair value through OCI		-2	-1	1	2	-3
Actuarial gains and Losses		-1	-	-3	-1	-3
Tax on OCI that will not be reclassified to P&L		0	-	1	0	1
Items that will not be reclassified to statement of income		-3	-1	-1	2	-5
Total Other Comprehensive Income (OCI)		-3	-1	-1	2	-5
Total Comprehensive Income		7	-21	-11	213	599
Attributable to:						
Equity holders of the parent		7	-21	-11	213	599
Total Comprehensive Income per share (NOK)		0,13	-0,39	-0,20	3,88	10,91

STATEMENT OF FINANCIAL POSITION PARENT COMPANY

(MNOK)	Note	Q4 2023	Q3 2023	Full year 2022
Assets				
Property, plant and equipment		227	229	229
Intangible assets		7	7	9
Investment in associates		-	-	17
Investment in subsidiaries		1811	1788	1752
Intercompany loans		1384	1176	321
Net pension assets		13	12	12
Non-current receivables and investments		134	189	171
Deferred tax assets		44	47	47
Non-current assets		3 621	3 450	2 558
Current receivables		243	258	508
Cash and cash equivalents		1064	1110	1160
Financial assets at fair value through OCI		16	18	12
Current assets		1323	1386	1680
Total assets		4 944	4 836	4 238
Equity and liabilities				
Share capital		224	224	224
Other paid-in capital		26	25	22
Treasury shares		-113	-116	-110
Other reserves		-1	2	-3
Retained earnings		2 890	2 935	2 894
Capital and reserves attributable to owners of the company		3 026	3 070	3 027
Total equity		3 026	3 070	3 027
Bond		498	498	498
Non-current interest-bearing debt		964	840	153
Pension liabilities		7	6	6
Provisions		2	2	2
Non-current lease liabilities		58	59	60
Non-current liabilities		1 529	1 404	719
Accounts payable		12	7	12
Payable income tax		274	276	375
Current interest-bearing debt, intercompany		36	29	17
Current lease liabilities		2	2	2
Other current liabilities		65	47	85
Current liabilities		390	361	492
Total liabilities and equity		4 944	4 836	4 238

STATEMENT OF CASH FLOWS PARENT COMPANY

(MNOK)		Full year 2023	Full year 2022
Cash flow from operating activities			
Profit (-loss) for the period		211	604
Adjusted for			
Depreciation, Impairment and Amortization		15	13
Net financial items		-180	-547
Tax expense		303	392
Total after adjustments to net income		349	462
Change in trade and other receivables		-3	3
Change in trade and other payables		-1	-39
Cash flow from Internal Accounts Payable and Receivable		11	26
Change in other current liabilities		-25	62
Change in employee benefits		-2	-2
Total after adjustments to net assets		329	505
Tax paid		-400	-112
Net cash from operating activities	A	-71	393
Cash flow from investing activities			
Interest received and realized FX gains		115	46
Dividends received		100	97
Purchase of PPE and intangible assets		-11	-24
Purchase of financial assets at fair value		-2	-
Purchase of other investments		-	-44
Proceed from sale of other investments		46	-
Purchase of shares in subsidiaries		-68	-92
Proceeds from the sales of shares in subsidiaries		12	6
Net cash from investing activities	B	192	-10
Cash flow from financing activities			
New long-term borrowings		825	148
Repayment of long-term borrowings		-2	-4
Cash Flow from Internal Loans and Borrowings		-762	-514
Interest paid and realized FX losses		-73	-34
Group Contribution Received		9	31
Dividend paid		-217	-206
Cash flow from treasury shares		1	-35
Net cash from financing activities	C	-217	-634
Cash Flow	A+B+C	-96	-251
Opening balance for cash and cash equivalents		1160	1411
Closing balance for cash and cash equivalents		1064	1160

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	-	-	-	-	604	604	604
Total Other Comprehensive Income (OCI)	-	-	-	-3	-2	-5	-5
Effect of share based payment	-	-	-	-	1	1	1
Dividends paid	-	-	-	-	-409	-409	-409
Closing balance at 31.12	224	22	-110	-3	2 894	3 027	3 027
Opening balance at 01.01 2023	224	22	-110	-3	2 894	3 027	3 027
Profit (-loss) for the period	-	-	-	-	211	211	211
Total Other Comprehensive Income (OCI)	-	-	-	2	-1	2	2
Effect of share based payment	-	-	-	-	2	2	2
Treasury shares	-	4	-3	-	-	1	1
Dividends paid	-	-	-	-	-217	-217	-217
Closing balance at 31.12	224	26	-113	-1	2 890	3 026	3 026

NOTE 1 CONFIRMATION OF FINANCIAL FRAMEWORK

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

NOTE 2 KEY ACCOUNTING POLICIES

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

Impairment considerations for Commeo are based on current expectations for future growth and cash flow generation. However, the impairment test shows limited headroom. The business case is characterized by uncertainty, and the valuation will depend on the commercial developments in 2024 and onwards.

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 high-price contribution was implemented in September 2022 and removed again from October 2023. If continued, the high price contribution for the fourth quarter of 2023 would have amounted to NOK 7.

NOTE 6 SEGMENT REPORTING

(MNOK)

Per 31.12.	Group Management		AFK Vannkraft		Volue		NSSLGlobal		ENRX	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	-	-	504	605	249	234	1202	1042	914	709
Sales over time	-	-	-	-	1211	981	-	-	886	629
Other Income	13	23	7	1	27	4	1	-	4	6
Revenue and other income	13	23	511	606	1486	1219	1203	1042	1804	1345
Operating expenses	87	105	85	61	1271	1073	976	787	1606	1270
Depreciation, amortization and impairment	3	4	12	10	128	106	18	46	83	78
Operating profit	-78	-86	414	535	87	40	209	209	116	-3
Income from associates	-	-	-	-	-	-	1	-	-	-
Net financial items	180	547	-	-	-20	-4	-2	27	-44	-17
Income tax expense	9	5	294	387	22	17	52	59	43	14
Profit (-loss) for the period	92	456	119	148	45	19	156	178	28	-34
Total assets	4 722	4 017	226	223	2 091	1 865	1 051	915	2 015	1 765
Total liabilities	1 635	764	286	448	1 245	1 056	452	391	1 598	1 381
Net interest bearing debt	-1 166	-1 279	-	-	257	-298	-351	-356	641	425

Per 31.12.	Tekna		Alytic		Property		Vergia		Ampwell	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	212	152	46	39	11	24	1	1	54	105
Sales over time	107	46	-	-	0	-	-	-	0	-
Other Income	9	6	0	1	6	12	-	-	2	1
Revenue and other income	328	204	46	41	18	35	1	1	56	106
Operating expenses	390	328	118	81	15	29	9	8	139	144
Depreciation, amortization and impairment	33	29	13	5	12	13	-	-	25	15
Operating profit	-95	-153	-85	-46	-10	-7	-8	-7	-108	-53
Income from associates	-5	-11	-	-	-	-	-19	-11	-1	-2
Net financial items	-5	-2	-1	0	-5	-3	-1	-	-14	-7
Income tax expense	1	1	-5	-3	-	-	-	-	-1	-1
Profit (-loss) for the period	-106	-167	-80	-43	-14	-9	-28	-18	-123	-61
Total assets	592	537	225	197	620	443	12	34	987	520
Total liabilities	285	148	85	65	436	236	24	25	1 059	489
Net interest bearing debt	115	-40	-28	-45	197	135	19	5	875	373

Per 31.12.	Eliminations		Total	
	2023	2022	2023	2022
Sales at a point in time	-	0	3 191	2 912
Sales over time	-	-	2 204	1 657
Other Income	-29	-35	40	18
Revenue and other income	-29	-35	5 436	4 587
Operating expenses	-19	-26	4 677	3 860
Depreciation, amortization and impairment	-8	-8	319	298
Operating profit	-1	-1	440	429
Income from associates	-10	-16	-33	-40
Net financial items	-97	-520	-10	37
Income tax expense	0	-21	416	458
Profit (-loss) for the period	-108	-501	-19	-33
Total assets	-3 546	-2 675	8 991	7 840
Total liabilities	-1 759	-947	5 358	4 056
Net interest bearing debt	11	0	569	-1 080

NOTE 7 FINANCE INCOME, PARENT COMPANY

(MNOK)

	Full year 2023	Full year 2022
Interest income, I/C	66	15
Interest income	48	25
Currency exchange income	51	40
Gain on partial sale of subsidiaries	4	325
Dividend income	3	3
Dividend income I/C an group contribution	96	193
Total	268	601

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