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# Q1 Update

5 March 2023

*Q1 2023*

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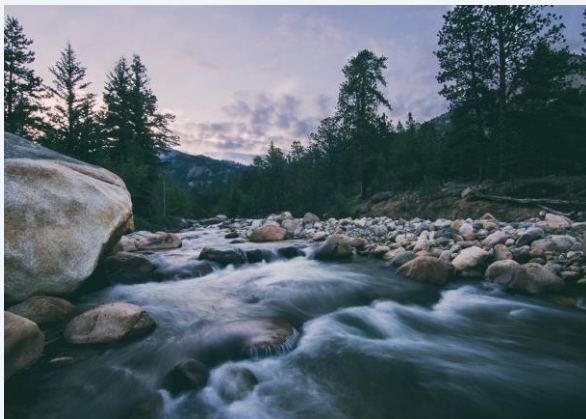
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# Highlights Q1 2023



## Best quarterly result ever

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



## NOK 1.00

### Dividend to be paid in May

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

## 38 GWh

### Construction of Kilandsfoss hydropower plant commenced

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

## volue

### Increase in SaaS revenue continues

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



### Record quarterly revenue

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



## ENRX

### Reporting strong growth

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

# Assets

## Green Energy

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



AFK ownership 100%      Head office Arendal, Norway



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AFK ownership 100%      Head office Arendal, Norway



## Digitalization & Big Data Analytics

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



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



AFK ownership 80%      Head office London, UK



AFK ownership 95%      Head office Arendal, Norway

## Electrification & Materials

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



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



AFK ownership 95%      Head office Skien, Norway

## Property

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



AFK ownership 100%      Head office Arendal, Norway

# Ampwell

## Q1 update

- Ampwell was established in Q2 2022 to build an eco-system for battery technology including a Battery-as-a-Service business model. The initial building block of Ampwell is Commeo, a German company specializing in energy storage and energy management solutions.
- Revenues for the first quarter were EUR 3.1 million. Driven by increased sales and production capabilities in Commeo.
- Operating profit was EUR -1.5 million. Operational ramp-ups in both Commeo and Collect Energy, as well as Ampwell parent company, contributed to negative margins in the quarter.
- The first part of the new production facilities is estimated to be finalized in mid-2024 and will over time enable above 1 GWh production capacity.
- At the end of the first quarter, Ampwell reached majority ownership of Collect Energy. The company aims to deliver analysis and control solutions designed for energy storage applications.





# Volue

## Q1 update

- Revenues and other income in the quarter amounted to NOK 339 million (286 million). Adjusted EBITDA in the quarter totaled NOK 55 million (45 million), corresponding to an adjusted EBITDA-margin of 16% (16%).
- Recurring revenue constituted 66% of total revenues and reached NOK 223 million in the quarter, an increase of 21% from the first quarter of 2022.
- SaaS revenues were NOK 88 million in the quarter, an increase of 34% compared to the first quarter of 2022.
- Volue continues to prioritise strategic investments in its SaaS platform and expansion into new markets.





# NSSLGlobal

## Q1 update

- Revenues for the third quarter were GBP 23.8 million (GBP 18.9 million) and the EBIT was GBP 4.3 million (GBP 3.2 million).
- Growth compared to last year was largely due to increased government airtime, equipment sales and projects driven by increased operational activity caused by the Ukraine conflict.
- During the first quarter, NSSLGlobal was able to extend several large projects within both the governmental and maritime sectors, as well as winning significant new business.
- NSSLGlobal's sales and bid pipeline is strong and there are several new sales opportunities across the governmental and maritime sectors.





# Alytic

## Q1 update

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

- **Factlines**  
Sales were strong throughout the quarter, with an ARR growth of 25% compared to the previous quarter.
- **Veyt** (Formerly Greenfact)  
Response to the new platform and products has been promising with new clients already signed for both carbon and premium products and a strong quarter for sales. Veyt grew ARR by 14% compared to the previous quarter.
- **Kontali**  
Throughout Q1, Kontali has experienced strong demand for its new digital portal Edge. ARR grew by 37% compared to the previous quarter.
- **Utel**  
With a strong emphasis on outbound sales, Utel's sales pipeline at the end of the quarter is noticeably stronger than ever before. Utel expects a significant uptick in ARR in Q2.

All portfolio companies are expected to keep growing recurring revenues and launch new products throughout the year.





# Tekna

## Q1 update

- Total operating revenues came in at CAD 9.4 million, an increase of 44% from Q1, 2022. Both Systems (+53%) and Advanced Materials (+40%) contributed to the revenue growth.
- Adjusted EBITDA was CAD -1.2 million, reflecting revenue increase and increased contribution margin.
- Tekna continues to experience strong demand for its products. Total order backlog at the end of the quarter was CAD 26.4 million. 86% increase from last year.
- The factory is now operating at a 70% increased rate and additional atomisers are scheduled to be commissioned by year-end 2023.
- Arendals Fossekompagni reiterates its support of Tekna. Tekna signed a loan facility agreement with Arendals Fossekompagni totaling CAD 25 million, which brings further financial resources to support further growth.



# ENRX

## Q1 update

- Total operating revenues increased by 40% year-over-year to EUR 42 million in the first quarter.
- Revenue growth was driven by a higher activity level within the Heat division, as well as a smaller contribution from the Charge division. The company experienced solid growth in all geographical regions in the quarter. March isolated was particularly strong, representing an all-time high in sales revenues.
- Operating costs increased during the quarter, reflecting an increase in sales. Cost inflation is impacting operating costs negatively, but operating costs increased at a lower rate than operating revenues compared to Q1 of 2022.
- EBIT for the quarter had a solid uplift and ended at EUR 3.4 million Up from EUR 1.3 million last year. All regions reported growth in profitability.
- ENRX Charge division is also experiencing a positive tailwind as the Aspire contract was awarded to ENRX on 14 April. The company will deliver a dynamic wireless charging system that will allow vehicles to charge while driving on a four-lane highway outside Orlando, Florida. The total contract value is USD 13.6 million, and the project will be delivered over a 3-year period.

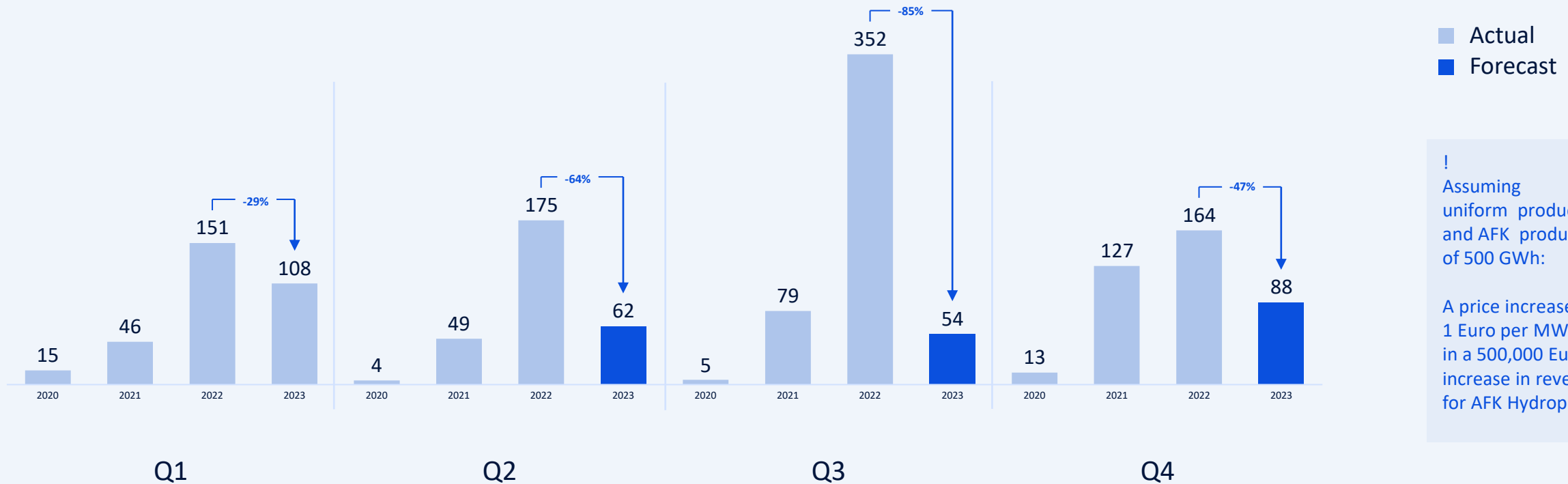


# Electricity prices remain high

...but substantially lower than peak levels

## Actual and forecasted EUR/MWh NO2, 2020-2023

Dependent on weather conditions and European power prices



! Assuming uniform production, and AFK production of 500 GWh:  
A price increase of 1 Euro per MWh results in a 500,000 Euro increase in revenues for AFK Hydropower.



# Solid P&L for the AFK group

- Total revenues for the Group amounted to NOK 1,405 million (1,052 million) in the first quarter. Consolidated earnings before tax came in at NOK 238 million (134 million). Ordinary profit after tax, but before non-controlling interests, totaled NOK 71 million (36 million).
- The AFK group of companies delivers its best best quarterly operational result (EBIT) to date. Operating profit in the quarter was driven by high hydropower production levels and stronger results from key portfolio companies ENRX, Volue, Tekna and NSSLGlobal.

P&L consolidated , MNOK	Q1 2023	Q1 2022
Revenues	1 405	1 052
EBITDA	270	215
EBITDA %	19%	20%
EBIT	202	149
EBIT %	14%	14%
Net Financials & Share of profit/loss of associates	36	-15
Profit before tax	238	134
Tax	-167	-98
<b>Profit for the period</b>	<b>71</b>	<b>36</b>
Basic earnings per Share (NOK) <sup>1</sup>	1.29	0.66

# Strong profitability across the portfolio

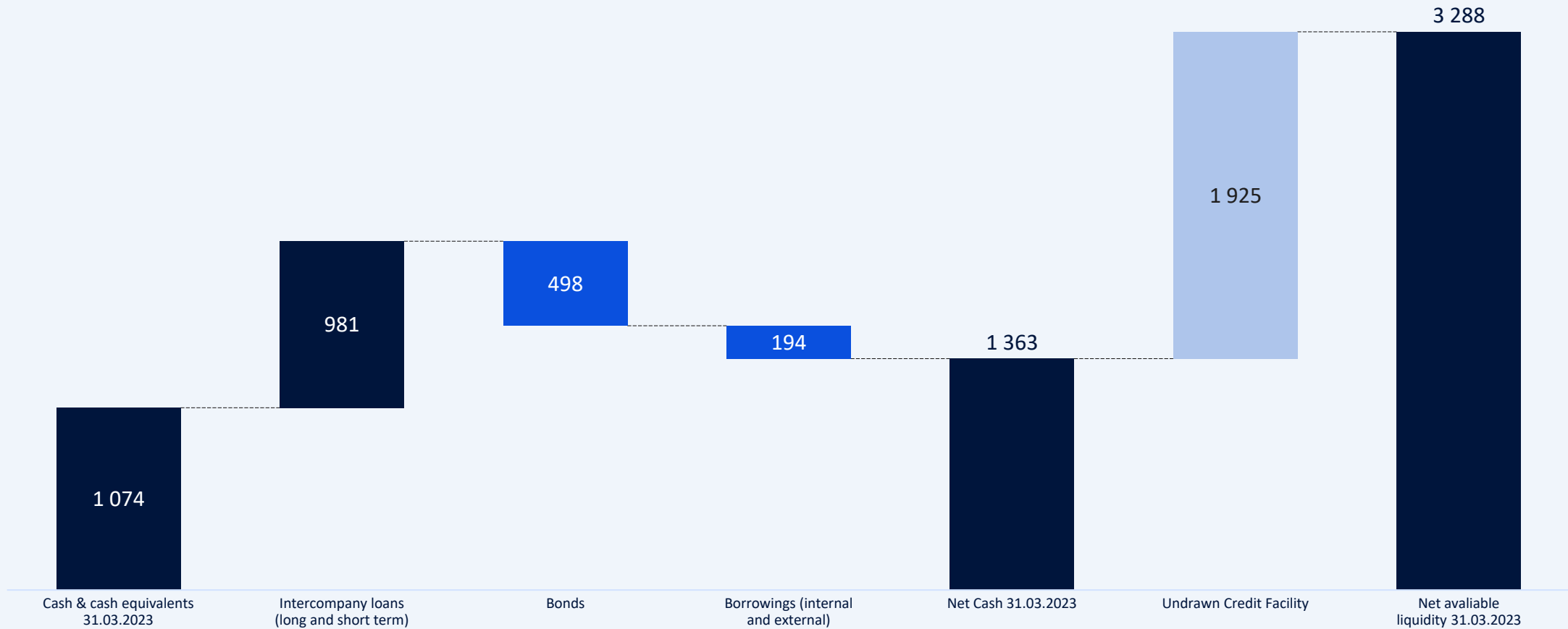
- Solid profitability in the mature companies Volue, ENRX and NSSLGlobal. Tekna with improved profitability.
- Hydropower production contributed with substantial revenues and operating profit in the quarter due to high production levels. Electricity prices in Q1 were higher than normal for the season, lifting revenues from AFK Vannkraft to NOK 190 million (169 million) and operating profit to NOK 161 million (NOK 153 million).
- Following high activity levels in all portfolio companies, AFK Group revenues and operating profit for 2023 are expected to be in line with 2022.

Operating profit, MNOK	Q1 2023	Q1 2022	Difference
Volue	24	14	+10
Tekna	-17	-33	+16
ENRX	37	13	+24
NSSLGlobal	54	39	+15
AFK Vannkraft	161	153	+18
Ampwell	-16	-	-16
Other	-41	-37	-14
<b>AFK consolidated</b>	<b>202</b>	<b>149</b>	<b>+53</b>

# 1.1 BNOK in Cash

And over 3 BNOK in available liquidity

Total Available Liquidity in AFK Parent 31.03.23 (MNOK)





# Closing summary

- Strong results, liquidity and capital structure, with portfolio driven by high growth industry verticals. However, there is significant uncertainty associated with the war in Ukraine, the aftermath of the Covid-19 pandemic, supply chain constraints, soaring inflation, rising interest rates and the development of energy prices. In this unpredictable environment, Arendals Fossekompagni'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.
- Arendals Fossekompagni continues value creation through developing each portfolio company through active ownership agenda and long-term execution ability.
- High electricity prices continues into 2023 and potentially beyond.



# Thank you!

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