

FOR *GENERATION*

ONS

2023
Q2

FOR GENERATION

GENERATIONS

FOR GENERATIONS

GENERATIONS

For generations, Arendals Fossekompagni has provided people and communities with clean energy and inspiration. Established in 1896 to harness the energy from an everlasting resource, water – we have utilized the benefits of this resource to build and develop high-tech companies. What started as a local producer of hydropower, has transformed into a global industrial investor.

While running water continues to power our business, we search for, invest in, and support companies that have the potential to create value and make a difference. To enable the transition to a more sustainable future we offer human and financial resources to renew and advance industries. Our competence is particularly strong in areas such as renewable energy, electrification, materials, digitalization, and big data analytics.

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

For generations.

Highlights Q2 2023



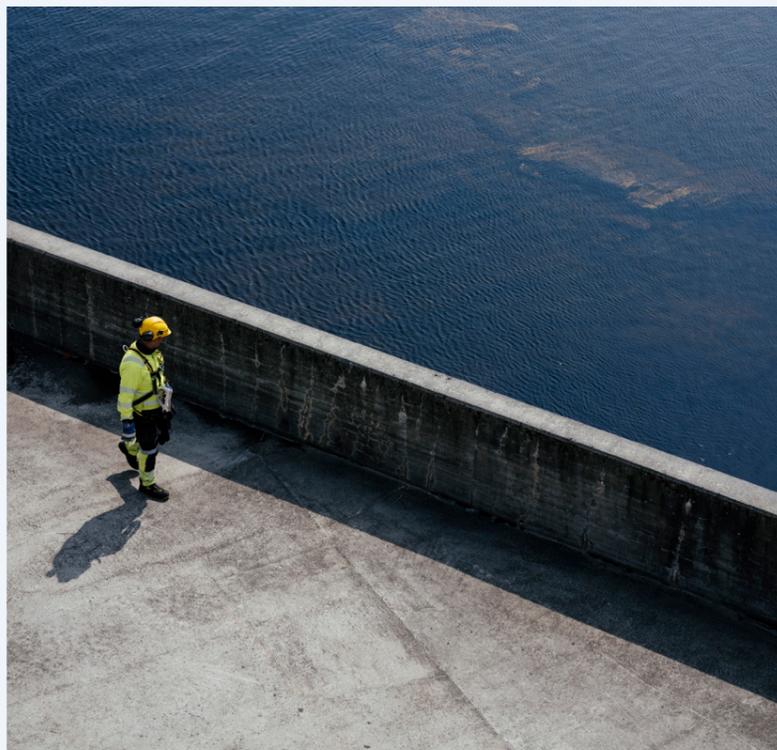
32% increase in revenues

Total revenues for Arendals Fossekompani in the second quarter amounted to NOK 1,404 million, 32% higher than the same quarter last year.

NOK 1.00

Dividend to be paid in August

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



Lower electricity prices, higher production

Electricity prices in the NO2 price area were significantly lower than last year, while power generation in the quarter was substantially higher.



Another record for Tekna

Building on high revenues from the first quarter, Tekna increased revenues to CAD 11 million, 17% growth from the first quarter.



volue

Enerim Oy acquisition completed

Volue made its biggest acquisition to date when acquiring Enerim Oy's Energy Market Services division, creating the Nordic market leader in the space of Portfolio-Management-as-a-Service.



ENRX[®]

Charge while driving

ENRX was awarded an EUR 12.7 million contract to deliver a dynamic wireless charging system that will allow vehicles to charge while driving on a highway in Florida.

Financial Highlights Q2 2023

FINANCIAL KPIs (MNOK)		Q2 2023	Q2 2022	YTD 2023	YTD 2022
Arendals Fossekompani consolidated	Revenue and other income	1,404	1,062	2,810	2,113
	Operating profit	148	70	350	219
	Margin	11%	7%	12%	10%
Operating profit by company	Volue	48	12	72	26
	NSSLGlobal	63	74	116	113
	Alytic	-19	0	-38	-17
	Tekna	-14	-35	-31	-68
	ENRX	11	0	48	13
	AFK Parent (Vannkraft & Management)	95	53	238	179
	Ampwell	-30	-20	-46	-20
	Vergia	-2	-2	-3	-4
	AFK Property	-4	-1	-5	-2
	Operating profit	148	70	350	219
	Profit before income tax	148	90	386	224
Profit (-loss) for the period	41	23	112	59	

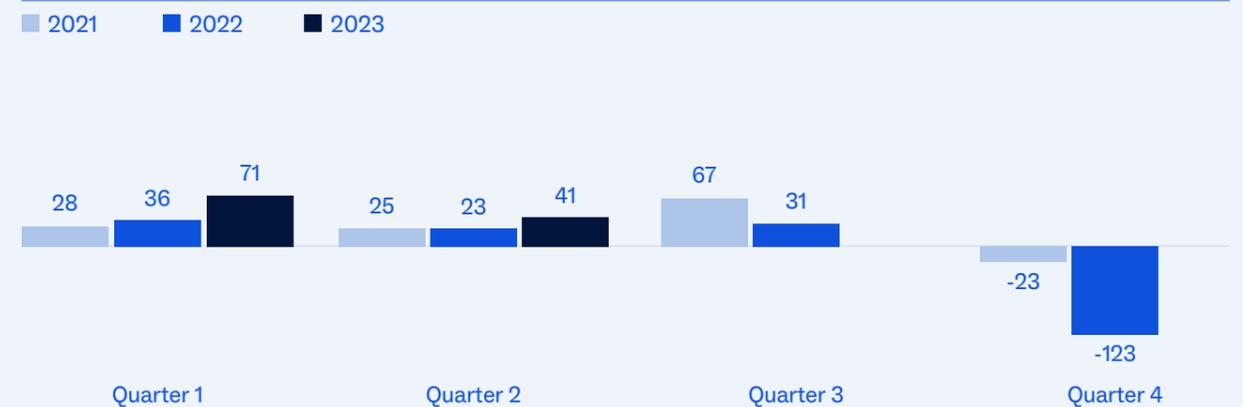
REVENUE AND OTHER INCOME (MNOK)



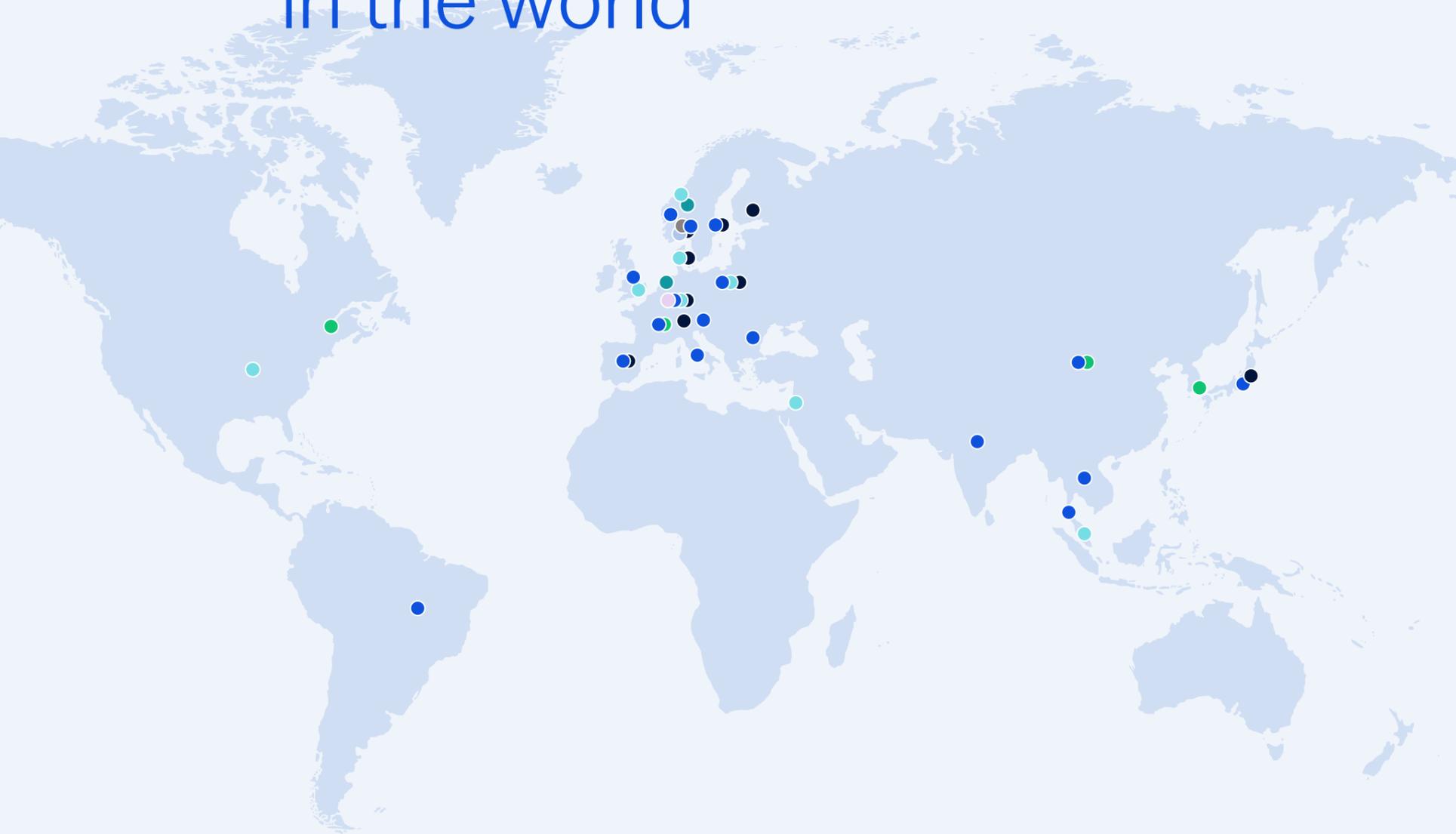
OPERATING PROFIT (MNOK)



PROFIT (-LOSS) FOR THE PERIOD (MNOK)



Arendals Fossekompani in the world



NUMBER OF EMPLOYEES BY COUNTRY

Norway	795	USA	89	Brazil	16	Israel	5
Germany	359	Romania	80	Thailand	12	Spain	5
India	229	France	72	Malaysia	8	South Korea	2
China	192	Denmark	65	Japan	7	Austria	1
Canada	180	Sweden	59	Italy	6		
United Kingdom	155	Finland	47	Netherlands	6		
Poland	126	Switzerland	22	Singapore	6		
Total							2,542

● Arendals Fossekompani Parent Company

AFK Group Management and AFK Vannkraft (Hydropower)

Employees
33

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
220

Head office
London, UK

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

● Alytic

Employees
112

Head office
Arendal, Norway

Countries
Norway, Germany, Netherlands

● Tekna

Employees
217

Head office
Sherbrooke, Canada

Countries
Canada, France, China, South Korea

● ENRX

Employees
1,077

Head office
Skien, Norway

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

● Ampwell

Employees
60

Head office
Arendal, Norway

Countries
Norway, Germany

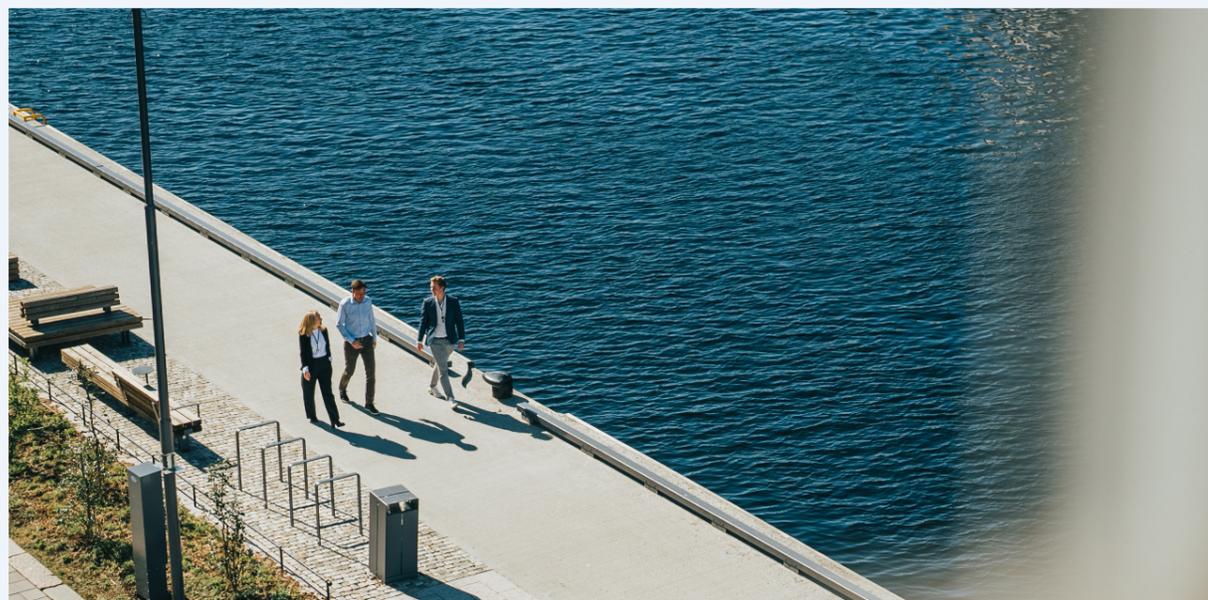
● Vergia

Employees
3

Head office
Arendal, Norway

Countries
Norway

Arendals Fossekompagni Group



FINANCIAL FIGURES (MNOK)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	1,404	1,062	2,810	2,113
Operating profit	148	70	350	219
Operating margin	11%	7%	12%	10%
Earnings before tax (EBT)	148	90	386	224
Earnings after tax (EAT)	41	23	112	59
Operating cash flow	-322	-25	-232	383
NIBD	-85	-1,202	-85	-1,202
Equity	3,898	4,235	3,898	4,235
Equity ratio	45%	57%	45%	57%

Currency rates (NOK/CAD)

Average Q2 2023: 7.77. Average Q2 2022: 7.18 End Q2 2023: 8.12. End Q2 2022: 7.71

Currency rates (NOK/GBP)

Average Q2 2023: 12.92. Average Q2 2022: 11.84 End Q2 2023: 13.64. End Q2 2022: 12.06

Currency rates (NOK/EUR)

Average Q2 2023: 11.32. Average Q2 2022: 9.98 End Q2 2023: 11.70. End Q2 2022: 10.35



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

Head office
Arendal, Norway

Chair
Trond Westlie

Chief Executive Officer
Benjamin Golding

Employees
2,542

Countries
25

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

HIGHLIGHTS OF Q2 2023

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

Total revenues for the Group amounted to NOK 1,404 million (1,062 million) in the second quarter. Consolidated earnings before tax came in at NOK 148 million (90 million). Ordinary profit after tax, but before non-controlling interests, totaled NOK 41 million (23 million).

The second quarter was another strong quarter for the AFK group. Revenues increased by 32% compared to the same quarter last year, largely driven by growth in portfolio companies Volue, ENRX and Tekna, as well as high production of hydropower. Operating profit in the quarter of NOK 148 million (NOK 70 million) was driven by high production of hydropower and strong underlying results from key portfolio companies ENRX, Volue, and NSSLGlobal.

Operating in international markets, the AFK Group is naturally exposed to currency fluctuations. A weakened NOK has in general led to positive currency effects for the group in the quarter.

VOLUME

Volue generated solid growth rates during the second quarter, with total operating revenues amounting to NOK 375 million (NOK 298 million). Revenue growth was driven by all business segments, as well as a positive impact from currency fluctuations. Recurring revenues constituted 62% of total revenues and reached NOK 234 million in the quarter, corresponding to an increase of 27% from the second quarter of 2022. SaaS revenues were NOK 98 million in the quarter, an increase of 43% compared to Q2 in 2022, representing 26% of total revenues. Adjusted EBITDA totaled NOK 63 million (44 million), equal to an adjusted EBITDA margin of 17% (15%). In the second quarter, Volue made its biggest acquisition to date in the shape of Enerim Oy's Energy Market Services division. Through the acquisition, Volue creates the undisputed Nordic market leader in the space of Portfolio management as-a-service, and is well positioned to become a dominating player in Europe.

NSSLGLOBAL

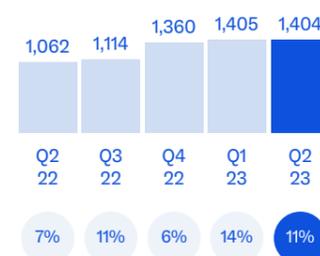
NSSLGlobal reports continued strong sales and operating profit as well as solid order intake. Revenues in the second quarter were GBP 23.0 million (GBP 23.9 million) and operating profit ended at GBP 4.7 million (GBP 6.3 million), corresponding to an operating margin of 20% (26%). NSSLGlobal won GBP 16.3 million of new business opportunities during the quarter, of which a significant portion were either maritime or governmental projects and systems work. NSSLGlobal's sales and pipeline continues to be strong across both governmental and maritime sectors.

TEKNA

Total revenues for the quarter came in at CAD 11.0 million (CAD 7.6 million), the highest quarterly revenues ever recorded for Tekna. This represents 45% growth compared to the corresponding quarter last year and 17% growth from the already record-high revenues in the first quarter. Adjusted EBITDA was CAD -0.6 million, a significant improvement from CAD -3.2 million in the second quarter last year. Tekna continues to experience strong demand for its advanced materials and systems. Total order backlog at the end of the quarter was CAD 22.0 million, a 19% increase from last year. The backlog was supported by CAD 6.5 million order intake in the reported period, reflecting the high demand for additive materials, and significant wins and strong pipeline of systems projects.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



ENRX

Total operating revenues in the second quarter amounted to EUR 37 million (EUR 31 million), a 20% increase from the same quarter in 2022. Revenue growth was driven by higher activity level within the Heat division, as well as a smaller contribution from the Charge division. The company showed solid growth in all geographical regions compared to the second quarter last year. EBIT for the quarter ended at 0.9 million (EUR 0.0 million). EBIT in the quarter corresponded to a margin of 2.4% and was negatively impacted by additional restructuring costs (final settlement) of EUR 1.5 million related to ENRX's German operations. ENRX's Charge division was during Q2 awarded the Aspire contract, contributing EUR 12.7 million to the backlog. ENRX will deliver a dynamic wireless charging system that will allow vehicles to charge while driving on a four-lane highway outside Orlando, Florida. Current order backlog of EUR 171 million creates a strong foundation for continued profitable growth throughout 2023.

AFK VANNKRAFT

The production of hydropower resulted in substantial revenues and operating profit in the quarter. Electricity prices in the NO2 price area were significantly lower than the high prices seen last year, while power generation (135 GWh) was substantially higher than the same quarter last year (52 GWh). The lower average spot price in the NO2 price area in the second quarter of EUR 82 / MWh (EUR 175 /MWh), was offset by the higher production level, lifting revenues to NOK 127 million (82 million) and operating profit to NOK 107 million (68 million).

Arendals Fossekompani's financial position remains solid. The company's available cash at 30 June amounted to NOK 1,062 million. In addition, the company has undrawn credit facilities of NOK 1,492 million, securing available liquidity of NOK 2,554 million as per end of the quarter.

AMPWELL

Total revenues amounted to EUR 3.2 million in the second quarter, driven by increasing battery module sales in Commeo, as well as a smaller contribution from Collect Energy. Operational ramp-ups of both Commeo and Collect Energy, as well as the Ampwell parent company, contributed to a negative operating profit of EUR -2.6 mil-

lion in the quarter. During the second quarter, Collect Energy announced a commercial project with Volkswagen Group Charging GmbH (Elli), for the delivery of Collect control and communication solutions for battery assets owned by Elli. The project is an important recognition of Collect's technology within the energy storage industry, and an important step towards full commercialization of the software.

EVENTS AFTER THE CLOSE OF THE QUARTER

On August 17, the Board of Directors decided to pay an ordinary cash dividend of NOK 1.00 per share for the second quarter of 2023. The dividend is set to be paid on 4 September 2023. On 7 August, Arendals Fossekompani announced the appointment of two new Executive Vice Presidents, Ann-Kari Amundsen Heier and Håkon Tanem, adding core industrial and financial expertise to the organization.

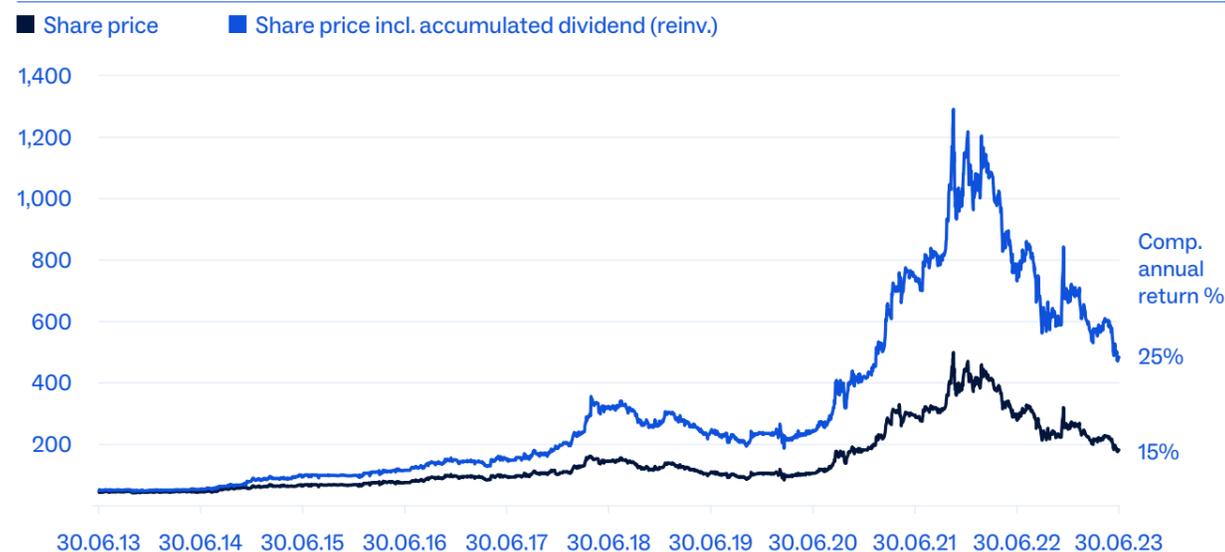
OUTLOOK

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

SHARE PRICE

There is a total of 55,995,250 shares in the company. The share price on 30 June 2023 was NOK 182 (NOK 279), corresponding to a decrease of -35% since 30 June 2022. When including direct yield (dividend payouts) in the same period, the decrease in shareholder value was -33%. Arendals Fossekompani's total market capitalization was NOK 10.2 billion at the end of June 2023. For the 10-year period from March 2013 to March 2023, compounded annual return to AFK shareholders was 15% (25% including dividends).

SHARE PRICE LAST 10 YEARS (NOK)



Group Management



FINANCIAL FIGURES (MNOK)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	3	4	5	7
Operating profit (EBIT)	-12	-15	-30	-43
Operating margin	-	-	-	-
Earnings before tax (EBT)	27	178	74	309
Earnings after tax (EAT)	29	166	65	292



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

Head office
Arendal, Norway

Chair
Trond Westlie

Chief Executive Officer
Benjamin Golding

Employees
18

Countries
1

Combining industrial, technological, and capital markets expertise, Arendals Fossekompani's Group Management identifies and develops opportunities for value creation. As an active owner of our portfolio companies, we drive strategy developments, financing, restructuring and transactions, 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 company's available cash at 30 June amounted to NOK 1,062 million. In addition, the company had undrawn credit facilities of NOK 1,492 million, securing available liquidity of NOK 2,554 million as per end of the quarter.

EVENTS AFTER THE CLOSE OF THE QUARTER

On 7 August, Arendals Fossekompani announced the appointment of two new Executive Vice Presidents, Ann-Kari Amundsen Heier and Håkon Tanem, adding core industrial and financial expertise to the company.

Arendals Fossekompani Assets

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

Digitalization & Big Data Analytics

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

value

AFK ownership 60%	Head office Oslo, Norway
Market cap (30.06) 2,298 MNOK	Listed at Oslo Børs



AFK ownership 80%	Head office London, UK
----------------------	---------------------------

alytic

AFK ownership 95%	Head office Arendal, Norway
----------------------	--------------------------------

Electrification & Materials

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

TEKNA

AFK ownership 71%	Head office Sherbrooke, Canada
Market cap (30.06) 842 MNOK	Listed at Oslo Børs

ENRX

AFK ownership 95%	Head office Skien, Norway
----------------------	------------------------------

Green Energy

Based on more than a century of hydropower production, we are looking to expand our green energy portfolio. 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
-----------------------	--------------------------------

Property

AFK | Property

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

Our portfolio of digitalization companies



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

value

AFK ownership
60%

Market cap (30.06)
2,598 MNOK

Head office
Oslo, Norway

Listed at
Oslo Børs

NSSLGlobal

AFK ownership
80%

Head office
London, UK

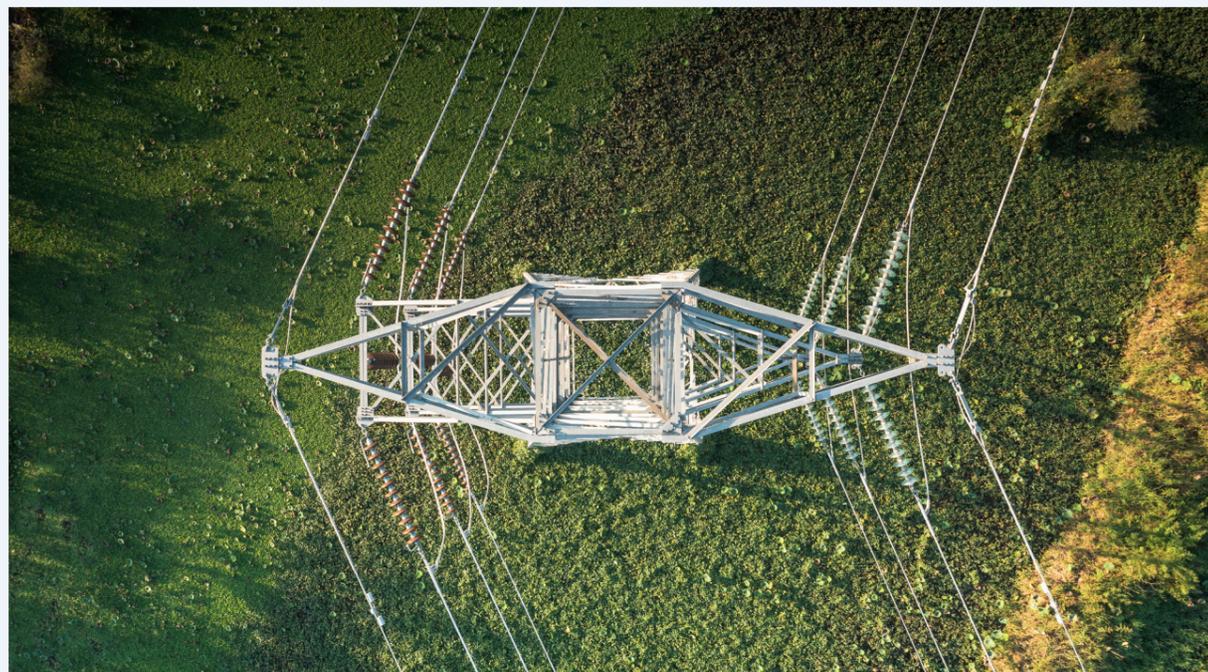
alytic

AFK ownership
95%

Head office
Arendal, Norway

Volue

Portfolio company



FINANCIAL FIGURES (MNOK)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income*	399	298	739	584
EBITDA	80	39	127	79
Adjusted EBITDA**	63	44	118	90
Operating profit	48	12	72	26
Operating margin	12%	4%	10%	4%
Earnings before tax (EBT)	50	16	75	26
Operating cash flow	-132	-127	91	158
NIBD	-72	-460	-72	-460
Equity	878	786	878	786
Equity ratio	43%	48%	43%	48%

* Note that revenue and other income in Q2 2023 includes non-recurring other income of NOK 23 million related to the sale of Fire and Chimney product line within the Infrastructure segment.

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

volue

Volue is a market leader in technologies and services that power the green transition. Based on 50 years of experience, Volue provides innovative solutions, systems and insights to industries critical to society. 820 employees work with around 2,650 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 Q2 2023

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

The transformation towards recurring revenues and Software-as-a-Service (SaaS) continues. Volue generated solid growth rates during the quarter. SaaS revenues were NOK 98 million in the quarter, an increase of 43 % compared to Q2 2022, representing 26% of total revenues. Large ongoing changes in the end market drives growth and further business opportunities for Volue.

Total operating revenues in the second quarter amounted to NOK 375 million (298 million). Adjusted EBITDA in the quarter totalled NOK 63 million (44 million), corresponding to an adjusted EBITDA margin of 17% (15%). The growth rates were positively influenced by fluctuations in exchange rates, representing a 6- percentage point additional growth impact compared with Q2 2022. However, growth in the cost base driven by currency fluctuations was comparable, resulting in limited impact on EBITDA.

The Energy Segment generated NOK 225 million in the second quarter, representing an increase of 19% compared to the second quarter last year. Despite less volatility in the markets compared to last year, Volue continues to deliver strong growth across the portfolio. The growth is driven by a strong uplift in recurring revenues and stable non-recurring revenues compared to Q2 2022. Volue currently sees Japan as the most exciting new market opportunity and the development from the first quarter continues. The financial effect is limited.

For the Power Grid Segment, operating revenues in the second quarter amounted to NOK 60 million, equal to a growth rate of 47% from the same quarter last year. Increased delivery capacity following good sales closing, combined with exceptional performance in consulting business and other non-recurring revenues, has made basis for progress in the segment with strong growth rates.

The Infrastructure segment generated revenues of NOK 62 million in the second quarter, up from NOK 49 million in the same quarter last year. Within Infrastructure, Volue has an expansion strategy focused on one country at a time. Volue is currently taking the construction offering to Sweden.

Recurring revenues constituted 62% of total revenues and reached NOK 234 million in the quarter, an increase of 27% from the second 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.

In the second quarter, Volue made its biggest acquisition to date when acquiring Enerim Oy's Energy Market Services division. Through the acquisition, Volue creates the undisputed Nordic market leader in the space of Portfolio-Management-as-a-Service and is well positioned to become a dominating player in Europe. The acquisition was funded by establishment of new credit facilities.

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. Measures are in place to counter margin effects, and Volue target year-by-year improvement in profitability and cash-conversion.

Volue provides the following updated long-term guidance to the market:

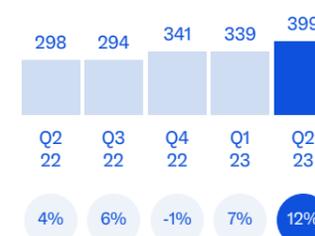
- Annual long term organic growth of 15% reiterated
- Target of NOK 2 billion in revenues 2025, including M&A, reiterated
- Year-by-year increase of adjusted EBITDA margin, cash conversion, share of ARR and SaaS revenues

Additionally, Volue has set the following priorities and ambitions for 2023:

- Position Volue to deliver long-term growth of 15%
- Continue to grow ARR and SaaS business in line with long term targets
- Focus on profitability initiatives to improve profitability and cash conversion
- Successful integration of the Enerim Energy Market Services division into Volue, and continue to explore structural growth opportunities

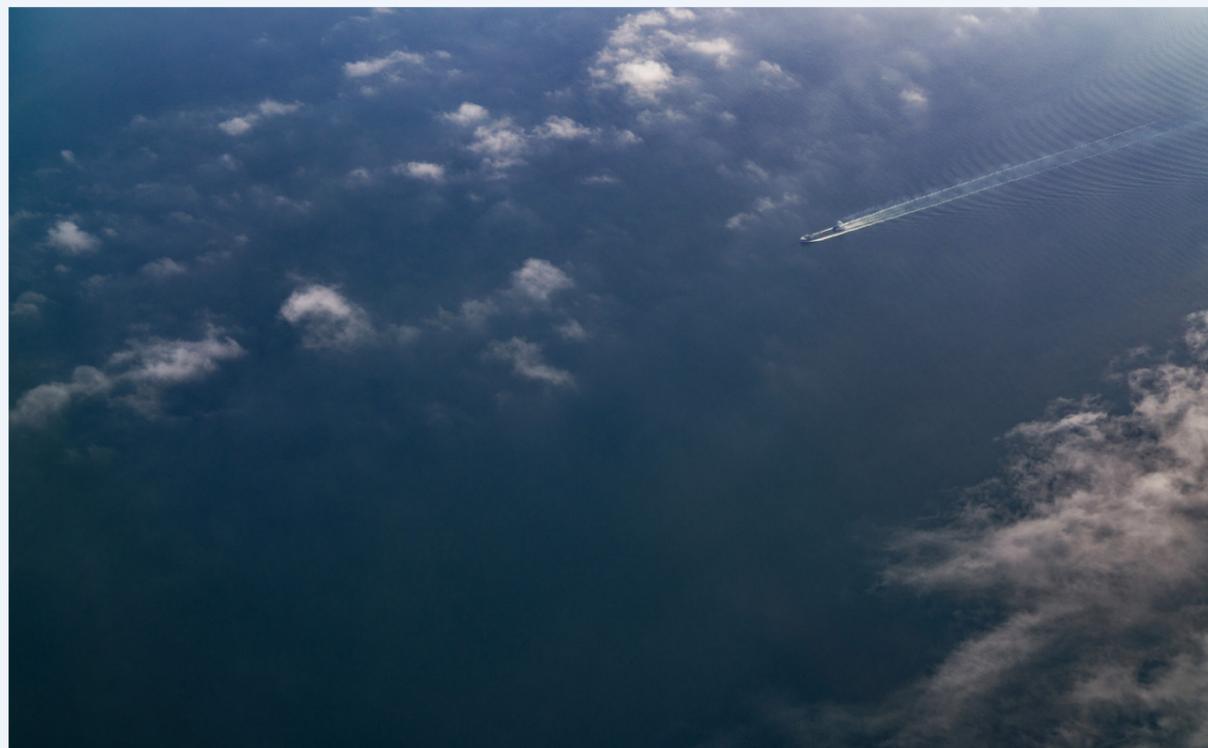
DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



NSSLGlobal

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	309	282	606	507
Operating profit	63	74	116	113
Operating margin	20%	26%	19%	22%
Earnings before tax (EBT)	63	74	114	113
Operating cash flow	90	53	46	91
NIBD	-306	-306	-306	-306
Equity	563	449	563	449
Equity ratio	54%	54%	54%	54%

Currency rates (NOK/GBP)

Average Q2 2023: 12.92. Average Q2 2022: 11.84 End Q2 2023: 13.64. End Q2 2022: 12.06



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

220

Countries

10

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

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

HIGHLIGHTS OF Q2 2023

Revenues for the second quarter were GBP 22.9 million, GBP 1.0 million lower than the same quarter last year. Operating profit in the quarter was GBP 4.6 million, compared to GBP 6.3 million in Q2 last year. The reduction in revenues and operating profit from Q2 in 2022 was a result of lower airtime revenues, with comparably higher margin, as well as lower equipment invoicing. The continued strong results are supported by NSSLGlobal's solid customer base, competitive technology and service driven organization.

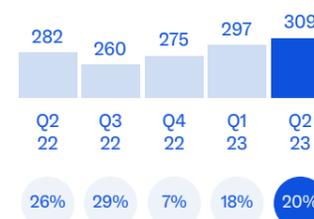
During the quarter, NSSLGlobal won GBP 16.3 million of new business opportunities, of which a significant portion are either maritime or governmental projects and system work. Contracts won during the quarter include a 3-year VSATIP@Sea contract with Vertom Bereederungs GmbH, and a 3-year contract with Stolt Tankers for its SmartMaintenance plans.

OUTLOOK

NSSLGlobal expects 2023 revenues to be in line with 2022, driven by a solid pipeline for sales and bid, somewhat offset by lower high-margin airtime. Operating profit is expected to be lower than in 2022, driven by lower airtime revenues, as well as inflation-driven cost increases. NSSLGlobal's sales and pipeline continues to be strong across both governmental and maritime sectors.

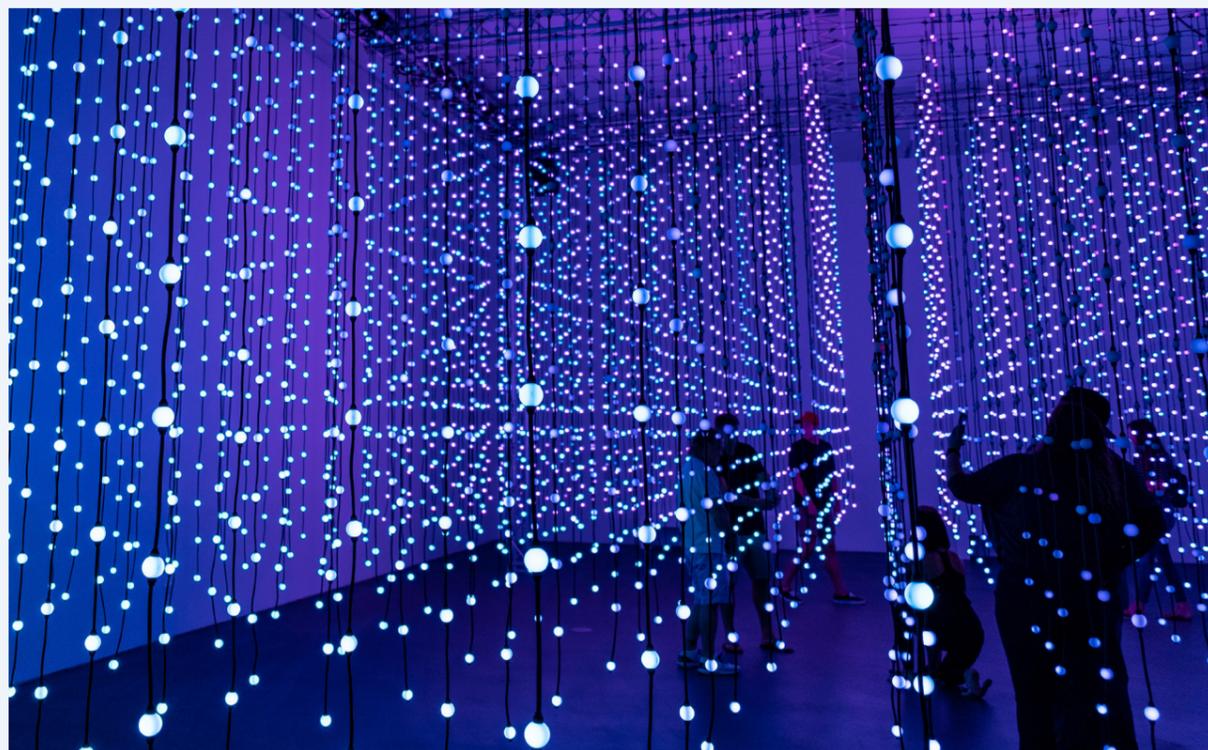
DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Alytic

Portfolio company



FINANCIAL FIGURES (MNOK)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	10	9	21	18
Operating profit	-19	-11	-38	-17
Operating margin	-195%	-120%	-181%	-94%
Earnings before tax (EBT)	-19	-11	-39	-17
Operating cash flow	-18	-16	-31	-18
NIBD	-35	-42	-35	-42
Equity	144	120	144	120
Equity ratio	67%	77%	67%	77%

alytic

Alytic invests in data businesses with strong domain competence and works actively with them to develop and market scalable, data-rich products based on a SaaS business model. The current Alytic portfolio of companies includes Kontali – a world-leading aquaculture data and analyses provider, Veyt – a market intelligence provider for low carbon markets, Factlines – a technology provider for ESG reporting, and Utel – a provider of services for telecom network monitoring and analysis.

Head office
Arendal, Norway

Chair
Lars Peder Fensli

Chief Executive Officer
Espen Zachariassen

Ownership
95%

Employees
112

Countries
3

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



HIGHLIGHTS OF Q2 2023

The Alytic portfolio is delivering on important strategic milestones as the portfolio companies launch new products and grow revenues. In each portfolio company, the initial focus has been to establish a foundation for growth and technological development. Results from this work are shown through continued growth in annual recurring revenues (ARR) quarter-over-quarter. In the second quarter of 2023, ARR grew to NOK 36 million, which represents a 21% increase compared to the previous quarter. ARR growth year-to-date is 38%. This will be reflected in the revenue numbers in the quarters to come.

Going forward, Alytic is committed to further developing its existing portfolio while also exploring investment opportunities in both new and existing domains. Alytic is working closely with all its portfolio companies and has committed new capital to accelerate their development.

KONTALI

Kontali is experiencing strong demand and customer growth on its seafood insights portal Edge, that was launched in the fourth quarter last year. In the second quarter, Kontali grew ARR by 8% compared to the previous quarter. The company focused on migrating existing customers from the legacy solution to Edge. Customers now have access to a state-of-the-art seafood insights platform, and Kontali's legacy solution has reached end-of-life.

VEYT

Veyt grew ARR by 30% in the second quarter compared to the previous quarter. Veyt continued to release new products and improvements on the platform, which was launched in the first quarter. This includes a medium-term Guarantee of Origin (GO) supply forecast. Preparations for the launch of the new Compliance Carbon analytics products in September are well underway. Veyt continued to grow, strengthening both the analysis, tech and sales parts of the organization. A new operational model for supporting a lean development process during growth was implemented.

FACTLINES

Factlines demonstrated strong sales performance in the second quarter, growing ARR by 48% compared to the previous quarter. Factlines soft-launched their rewritten and redesigned supply chain transparency software to which customers will be transitioned before year-end. With their EU Taxonomy product in development and scheduled for launch in Q3/Q4, Factlines is on track to achieve even stronger growth in the coming quarters.

UTEL

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

OUTLOOK

All Alytic portfolio companies have experienced significant growth in terms of headcount and new areas of competence within a short timeframe. Alytic is now seeing the organizations beginning to operate more and more effectively and expects continuous product launches and upgrades as it invests in development throughout 2023. Coupled with investment in and build-up of strong sales and marketing teams, Alytic expects continued strong growth in ARR in the coming quarters.

Our portfolio of electrification and material companies



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

TEKNA

AFK ownership
71%

Market cap (30.06)
842 MNOK

Head office
Sherbrooke, Canada

Listed at
Oslo Børs

ENRX

AFK ownership
95%

Head office
Skien, Norway

Tekna

Portfolio company



FINANCIAL FIGURES (MNOK)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	87	56	159	102
EBITDA	-5	-29	-14	-54
Adjusted EBITDA*	-5	-23	-14	-43
Operating profit	-14	-35	-31	-68
Operating margin	-16%	-62%	-19%	-67%
Earnings before tax (EBT)	-20	-41	-39	-79
Operating cash flow	-52	-70	-77	-101
NIBD	75	-112	75	-112
Equity	394	505	394	505
Equity ratio	65%	80%	65%	80%

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

Currency rates (NOK/CAD)

Average Q2 2023: 7.77. Average Q2 2022: 7.18 End Q2 2023: 8.12. End Q2 2022: 7.71

TEKNA

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

Head office
Sherbrooke, Canada

Chair
Dag Teigland

Chief Executive Officer
Luc Dionne

Ownership
71%

Employees
217

Countries
4

HIGHLIGHTS OF Q2 2023

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

Second quarter revenues came in at CAD 11.0 million, a 45% increase from the same period last year and marking the highest quarterly revenues ever recorded for Tekna. Both Systems (+70%) and Advanced Materials (+36%) contributed to the revenue growth.

Adjusted EBITDA for the second quarter was CAD -0.6 million, a significant improvement from CAD -3.2 million in the same quarter last year. The profitability improvement is mainly driven by growth in revenues and improved margins as a result of a process to improve productivity. Tekna is maintaining cost control while scaling revenues and managing inflationary costs increases.

Tekna has strengthened the company's cash position during 2023. Earlier this year, Tekna agreed on the terms of a CAD 25 million loan facility from Arendals Fossekompani, and in July this year, the second of three tranches was released and made available to support Tekna's further growth.

Tekna continues to experience strong demand for its products. Total order backlog at the end of the quarter was CAD 22.0 million, a 19% increase from the second quarter of last year. The backlog was supported by an order intake of CAD 6.5 million in the quarter. While Q2 order intake was lower than in Q1, it remains within normal quarterly variations.

Tekna has seen the Systems market rebound with several new contracts awarded. Eight plasma machine orders have been announced this year, for a total value of CAD 6.2 million. Customers are in the industrial and academic sectors in Asia, Europe and North America. Systems gross margin has been sustained, as pricing for systems are adjusted to reflect cost inflation.

Within Advanced Materials, Tekna is responding to increased customer demand with successful implementation of capacity and productivity improvement programs. Technical upgrades have been successfully implemented, and the performance of the factory has now been stabilized at a 70% increased output rate compared to Q4 2021. There is a continued high demand for Tekna's products in the market, and the increased capacity translates to higher material availability, shorter delivery lead-times and increased sales in 2023.

OUTLOOK

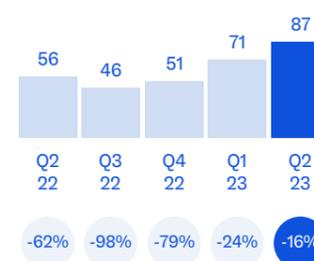
Tekna's strategy, technology and products are considered highly relevant in today's global markets, which are marked by geopolitical turmoil, economic uncertainty, an urge for sustainability and increased predictability. The company's customers are transitioning towards new technology, moving manufacturing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

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

Tekna's order backlog supports strong revenue growth in 2023 compared to 2022. Typical seasonality (summer vacations) in Tekna's main markets will affect the company's revenues in Q3 compared to Q2. Tekna is reiterating its guidance of margin improvement in 2023 compared to 2022, supported by the strong order backlog, increased production capacity and organizational productivity.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



ENRX

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	434	311	893	607
Operating profit	11	0	48	13
Operating margin	3%	0%	5%	2%
Earnings before tax (EBT)	-2	-3	26	9
Operating cash flow	-6	-64	-57	-90
NIBD	626	450	626	450
Equity	397	446	397	446
Equity ratio	20%	26%	20%	26%

Currency rates (NOK/EUR)

Average Q2 2023: 11.32. Average Q2 2022: 9.98 End Q2 2023: 11.70. End Q2 2022: 10.35

ENRX

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

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

HIGHLIGHTS OF Q2 2023

Total operating revenues in the second quarter amounted to EUR 37.1 million, representing a 20% increase from the same quarter in 2022. Revenue growth was driven by a higher activity level within the Heat division, as well as a smaller contribution from the Charge division. All geographical regions showed solid growth compared to the second quarter last year.

EBIT for the quarter ended at EUR 0.9 million, up from EUR 0 million in the same quarter last year. The EBIT in Q2 was adversely affected by additional restructuring costs (final settlement) of EUR 1.5 million in ENRX Germany, as well as cost inflation.

Order intake remains strong. Total order intake for the quarter ended at EUR 37.8 million, compared to EUR 36.2 million in the same quarter last year. ENRX's Charge division contributed EUR 12.7 million in the quarter as a result of the Aspire contract awarded on 14 April. ENRX will deliver a dynamic wireless charging system that will allow vehicles to charge while driving on a four-lane highway outside Orlando, Florida. The project will be delivered over a 3-year period. The awarded contract is an important testimonial and milestone for ENRX and paves the way for further growth within the potentially large market for wireless charging solutions.

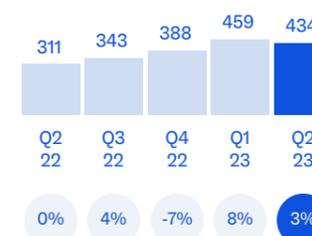
OUTLOOK

The current order backlog (EUR 170.8 million) creates a strong fundament for continued profitable growth throughout 2023, and the market for heating products is still considered strong, although expected to soften somewhat in the coming months. The Charge division is expected to generate long-term revenue and cost synergies to further improve the company's operational leverage. Cost control in all regions remains a key priority to maintain and improve profitability.

Both revenue and operating profit are expected to be higher in 2023 than in 2022.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Our portfolio of green energy companies



Based on more than a century of hydropower production, we are looking to expand our green energy portfolio. As the world is shifting away from fossil fuels we are looking to capitalize on our competence and history to develop more sustainable sources.

VANNKRAFT

AFK ownership
100%

Head office
Froland, Norway

ampwell

AFK ownership
100%

Head office
Arendal, Norway

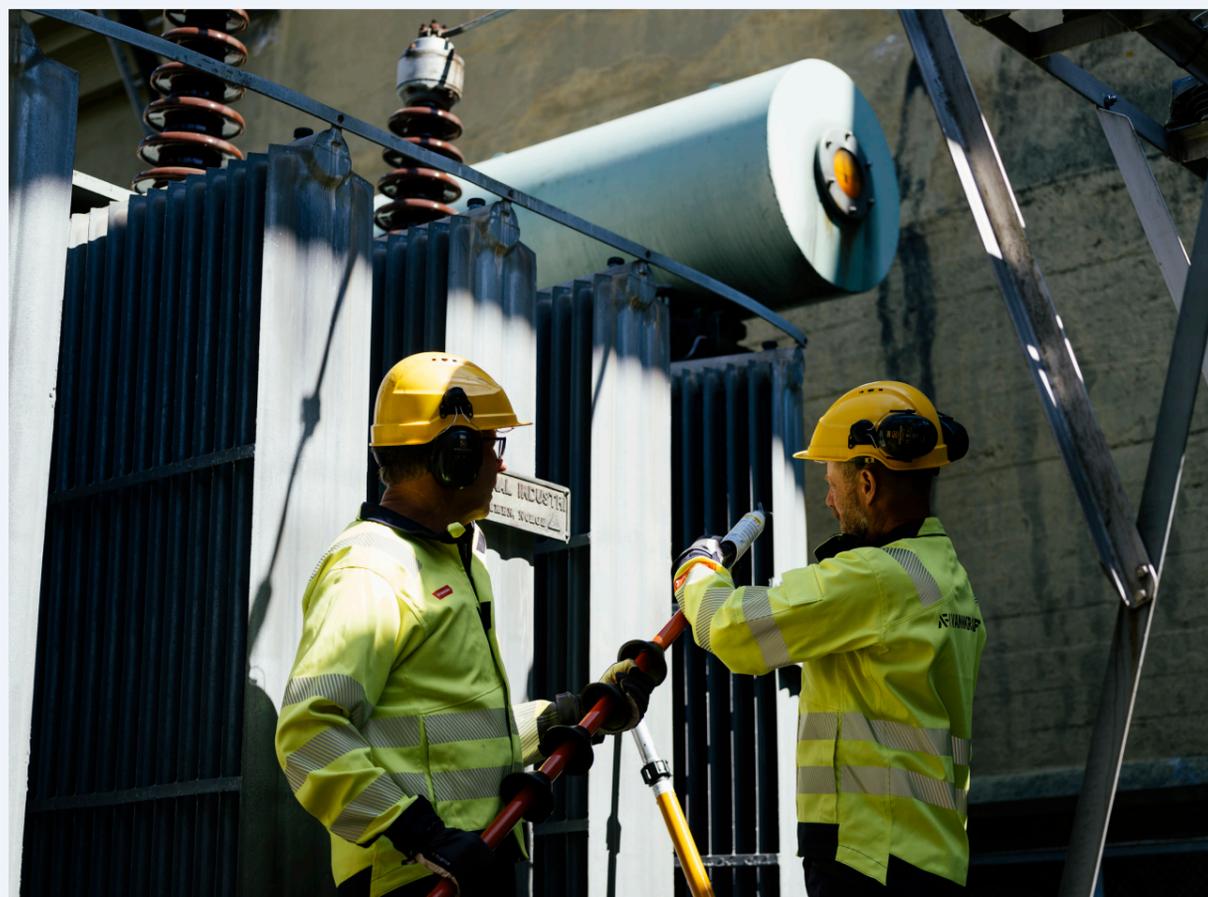
Vergia

AFK ownership
100%

Head office
Arendal, Norway

AFK Vannkraft

Portfolio company



FINANCIAL FIGURES (MNOK)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	127	82	317	251
Operating profit	107	68	268	221
Operating margin	84%	83%	85%	88%
Earnings before tax (EBT)	107	68	268	221
Earnings after tax (EAT)	28	18	60	94

AFK VANNKRAFT

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

Head office
Froland, Norway

Chair
Trond Westlie

Operating Manager
Jan Roald Evensen

Employees
15

Countries
1

HIGHLIGHTS OF Q2 2023

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

Hydropower production in the second quarter was significantly higher than in the same quarter last year, while prices were down from the high price levels seen in 2022. Power generation in the second quarter amounted to 135 GWh (52 GWh). Precipitation and inflow year-to-date were respectively around 112% and 126% 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's strategy is to sell hydropower production in the day-ahead (spot) market. The average price in the NO2 price area during the second quarter was 82 EUR/MWh (175 EUR/MWh). The relatively lower price level, compared to the second quarter of 2022, came as a result of higher precipitation than normal, lifting the hydro reservoir levels in the south of Norway.

The chart below shows the weekly power prices (NO2) and power generation in the period 31/03/2022 – 30/06/2023.

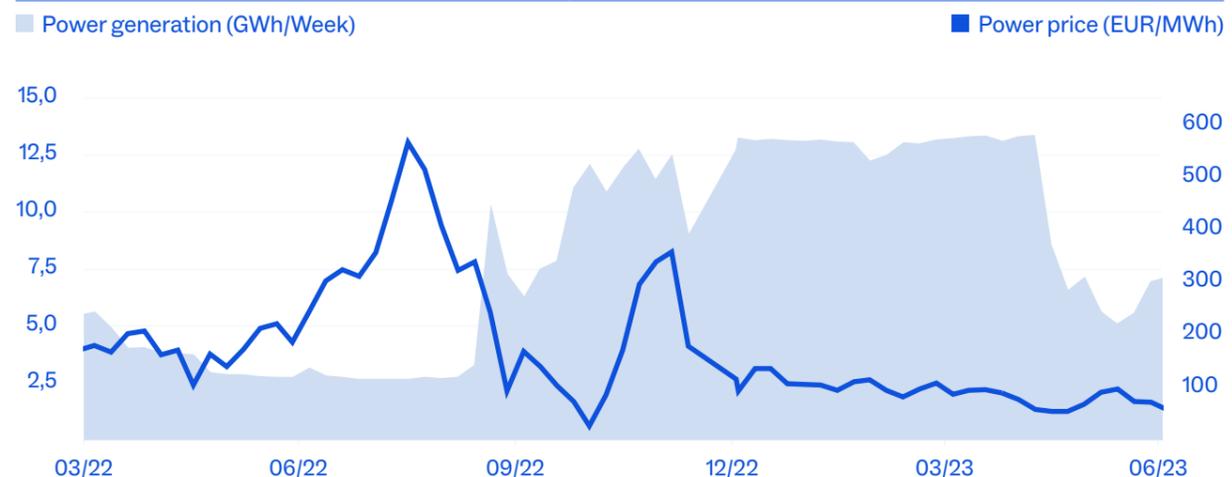
Essential audits and maintenance routines took place in the quarter in accordance with established control procedures for the hydropower facilities.

OUTLOOK

AFK Vannkraft is required by law to improve the power plants and associated dam facilities, and consequently Arendals Fossekompani is planning upgrades to both plants in the coming years. The reconstruction of dams will start once detailed requirements have been agreed with the Norwegian Water Resources and Energy Directorate (NVE). Rehabilitation of the exterior of the Bøylefoss hydropower plant building will start in 2023.

Considering the market's estimated power price trends for the remaining quarters of 2023, water levels and forecasted production, AFK Vannkraft expects revenues and operating profit for 2023 to be lower than in the record-breaking year 2022. Actual energy prices depend on many factors, including hydrological balance, oil and gas prices, weather conditions, temperatures, and more. With limited reservoir capacity, the production volume will also be dependent on precipitation.

POWER PRICE & POWER GENERATION



Ampwell

Portfolio company



FINANCIAL FIGURES (MNOK)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	37	18	72	18
Operating profit	-30	-20	-46	-20
Operating margin	-80%	-115%	-65%	-115%
Earnings before tax (EBT)	-37	-23	-60	-23
Operating Cashflow	-2	251	-17	251
NIBD	605	308	605	308
Equity	-51	76	-51	76
Equity ratio	-79%	161%	-79%	161%

Currency rates (NOK/EUR)

Average Q2 2023: 11.32. Average Q2 2022: 9.98 End Q2 2023: 11.70. End Q2 2022: 10.35

ampwell

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

Head office
Arendal, Norway

Chair
Torkil Mogstad

Chief Executive Officer
Torkil Mogstad

Ownership
100%

Employees
60

Countries
2

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

In 2022, Arendals Fossekompani co-founded and acquired 40% of Collect Energy, a Spanish company currently developing analysis and control software in cooperation with some of the largest energy players in Europe. The solutions are specifically designed for the stationary storage market and will help customers utilize the stored energy in the best possible manner. The solutions will be able to connect to several different batteries, independent of manufacturer and technology. Arendals Fossekompani reached a majority ownership of Collect at the end of first quarter of 2023.

HIGHLIGHTS OF Q2 2023

Second quarter revenues amounted to EUR 3.2 million. Operating profit in the same period was EUR -2.6 million. Revenues were driven by increasing battery module sales in Commeo and increased production capabilities. Operational ramp-ups of both Commeo and Collect Energy, as well as Ampwell parent company, contributed to negative margins in the quarter.

The construction of Commeo's new semi-automatic production facilities is currently ongoing. The first part of the new production facilities is estimated to be finalized in mid-2024 and will over time enable above 1 GWh production capacity. The demand for stationary storage and the sales pipeline for Commeo continues to increase.

Collect is running pilots with selected customers and is still developing their solutions according to plan. Their solutions have generated high commercial interest in relevant market segments, and the company is expected to generate commercial revenue based on their solutions within the next quarter.

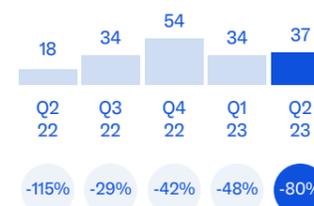
During Q2, Collect announced a commercial project with Volkswagen Group Charging GmbH (Elli), for the delivery of automated control and communication for Elli's battery assets. Elli will utilize its existing battery assets by charging batteries when electricity prices are low and discharging them into the electricity market when prices are high. Collect's solutions will provide a versatile platform for battery asset management and control, supported by Collect's standardized API and hardware solutions. Volue, also a portfolio company of Arendals Fossekompani, provides Volkswagen/Elli with a trading software.

OUTLOOK

Driven by strong demand for energy storage solutions, Ampwell expects to generate revenue growth in 2023, which will be its first full year of operation. EBIT is expected to be higher but remain negative for the year due to the ramp-up phase of production of battery modules and development of related software solutions.

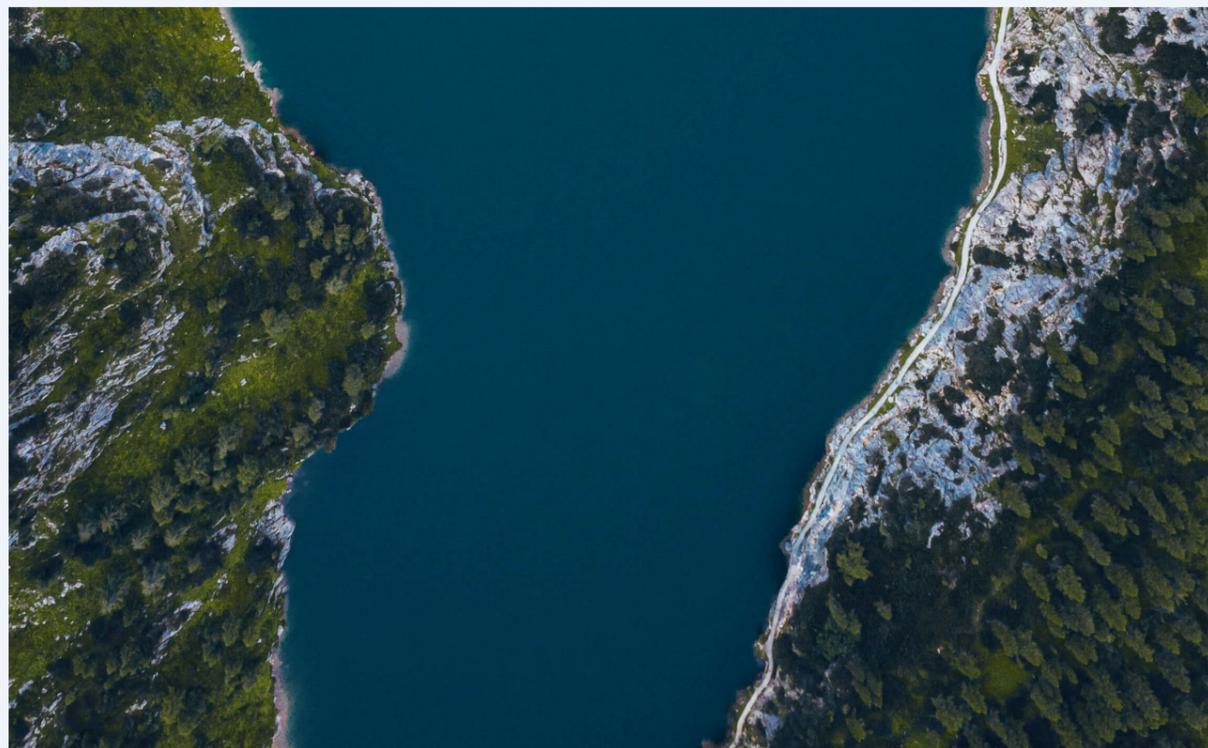
DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK) and operating margin



Vergia

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	0		0	
Operating profit	-2	-2	-3	-4
Operating margin	-		-	
Earnings before tax (EBT)	-8	-4	-13	-7
Operating cash flow	6	-3	-3	-3
NIBD	24	-14	24	-14
Equity	-3	21	-3	21
Equity ratio	-9%	96%	-9%	96%



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

Head office
Oslo, Norway

Chair
Trond Westlie

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 operations domestically and internationally.

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

HYDROGEN

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

Our portfolio of properties

The Arendal Fossekompagni portfolio of properties include an urban development project, an airport and center for aviation, a site for power-intensive industries, 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)

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and other income	4	5	9	27
Operating profit	-4	-1	-5	-2
Operating margin	-93%	-28%	-61%	-8%
Earnings before tax (EBT)	-5	-2	-9	-3
Operating cash flow	-1	-2	5	-20
NIBD	141	112	141	112
Equity	198	212	198	212
Equity ratio	37%	51%	37%	51%

AFK Property

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

Head office
Arendal, Norway

Chair
Lars Peder Fensli

Chief Executive Officer
Tom Krusche Pedersen

Ownership
100%

Employees
5

Countries
1

BRYGGEBYEN

The largest company in the property portfolio is Vindholmen Eiendom, which is transforming an old shipyard area into a new urban residential and commercial zone under the name Bryggebyen. The transformation will take 10-15 years to complete and will create 500-700 residential units in combination with exciting trade and commerce offerings.

The third stage of the apartment complex at Bryggebyen is progressing according to plan, with 44 of 48 apartments sold per end of the quarter.

Arendals Fossekompani also plans to build an indoor swimming facility at Bryggebyen. Arendal municipality has signed a long-term rental agreement, and a final investment decision is scheduled for late 2023. If the regulation process progresses according to expectations, building will start in early 2024.

ARENDAL AIRPORT & PROPERTY GULLKNAPP

AFK Property is the majority owner of Gullknapp, which comprises an airport and an attractive 200,000 sqm industrial and commercial area. The main user of the airport facility is OSM Aviation Academy which runs a pilot school on the premises. Future plans include developing the airport facility into a center for drones as well as a hub for electrified aviation under the name Gullknapp Aerial Center.

BØLEVEGEN 4

This property, located along the Skien River, just one kilometer south of downtown Skien, was acquired in 2020. The 4,700 sqm building is fully let to Arendals Fossekompani's portfolio company ENRX on a 15-year bare-house agreement. As the city of Skien expands, this 12,000 sqm river property will be attractive both for commercial and residential development.

AFK Property will develop new facilities for ENRX, providing approximately 2,500 sqm of new offices, production and storage space. Application papers have been filed with Skien municipality, and development commenced in the second quarter of 2023.

LONGUM PROPERTY

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

BEDRIFTSVEIEN 17

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

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)
and operating margin



Shareholder Information Outlook

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

SHARES AND SHAREHOLDERS

There are a total of 55,995,250 shares in the company. At 30 June, a total of 1,159,656 were treasury shares. The share price on 30 June 2023 was NOK 182.0 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

Following high activity levels in all portfolio companies, AFK Group revenues and operating profit for 2023 are expected to be higher than in 2022. There is uncertainty associated with the war in Ukraine, supply chain constraints, soaring inflation, rising interest rates, as well as the development of energy prices.

VOLUE

Volue expects revenues and operating profit in 2023 to be higher than in 2022.

NSSLGLOBAL

NSSLGlobal expects 2023 revenues to be in line with 2022, while operating profit is expected to be lower than in 2022.

ALYTIC

Alytic expects revenues to be considerably higher in 2023 compared to 2022. Operating profit is expected to be lower than in 2022, as companies in the Alytic portfolio still are in a growth phase.

TEKNA

Tekna expects revenues to be higher and operating profit to improve in 2023 compared to 2022.

ENRX

ENRX expects revenues and operating profit to be higher in 2023 compared to 2022.

AFK VANNKRAFT

AFK Vannkraft expects revenues and operating profit to be lower in 2023 compared to 2022.

AMPWELL

Ampwell expects to generate continued revenue growth throughout 2023. EBIT is expected to remain negative for 2023.

VERGIA

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

AFK PROPERTY

AFK Property expects revenues and operating profit to be lower in 2023 compared to 2022.

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

Froland, 17 August 2023

The Board of Directors, Arendals Fossekompni ASA

Declaration by the Board of Directors and CEO

The interim financial statements have been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting, as adopted by the EU, and additional disclosures pursuant to the Norwegian Securities Trading Act.

To the best of the knowledge of the Board and the CEO, these interim financial statements for the period 1 January – 30 June 2023 have been prepared in accordance with applicable accounting standards and the disclosures in the financial statements present fairly the Group's assets, liabilities, financial position and performance as at 30 June 2023 and 30 June 2022.

To the best of the knowledge of the Board and the CEO, these interim financial statements present fairly important events in the accounting period and their importance for these interim financial statements. To the best of the knowledge of the Board and the CEO, the description of the key risks and uncertainties facing the business in the next accounting period and the description of related parties' material transactions are also fairly presented.

Froland, 17 August 2023

The Board of Directors and CEO have today discussed and approved the interim report for the first half and the condensed consolidated financial statements of Arendals Fossekompni ASA as at 30 June 2023 and for the period 1 January – 30 June 2023, including condensed consolidated comparative figures as at 30 June 2022 and for the first six months of 2022.



Trond Westlie,
Board Chairman



Morten Bergesen,
Board Member



Didrik Vigsnes,
Board Member



Christian Must,
Board Member



Stine Rolstad Brenna,
Board Member



Lise Lindbäck,
Board Member

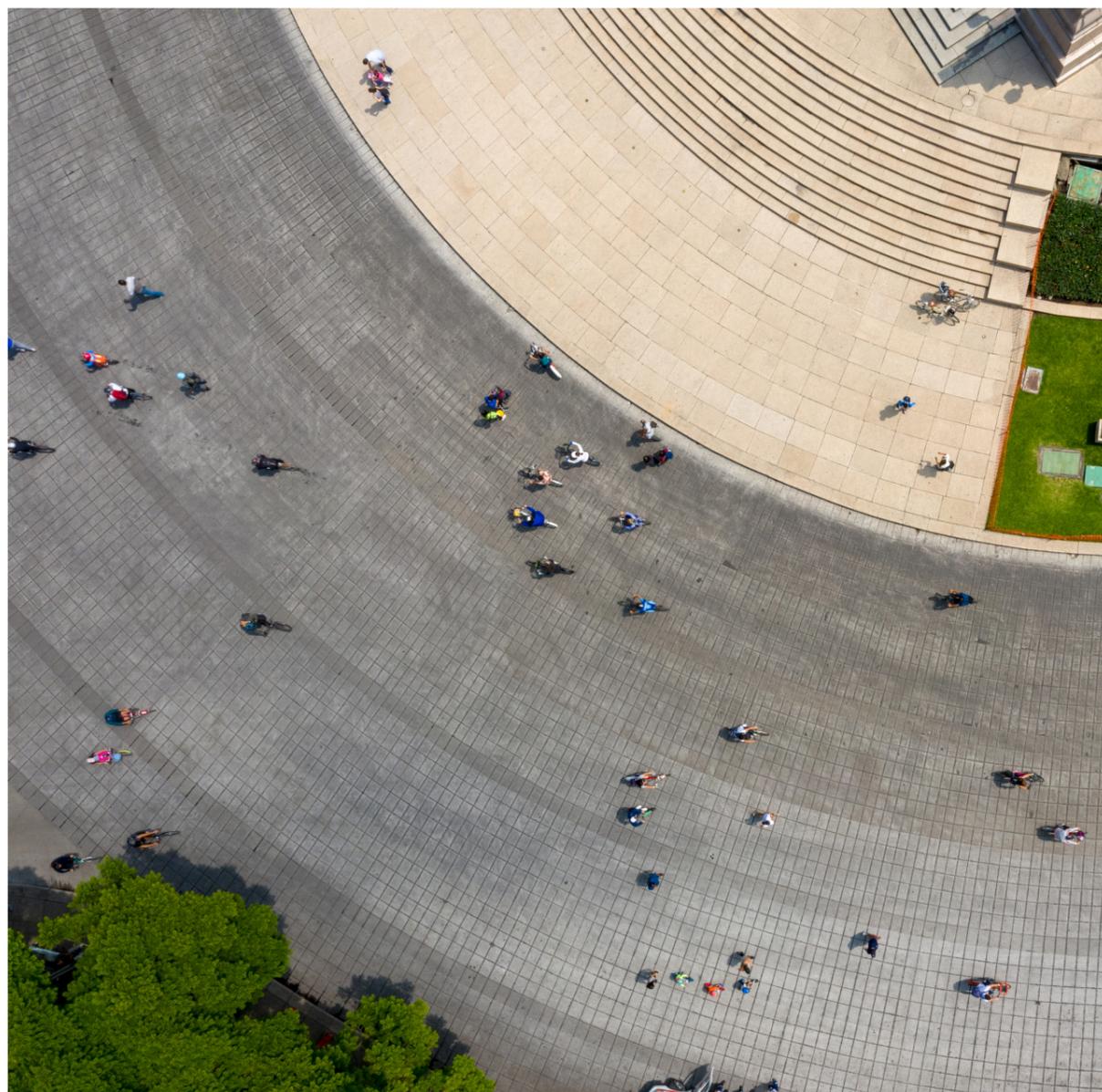


Anne Grethe Dalane,
Board Member



Benjamin Golding,
CEO

Financial statements



CONSOLIDATED STATEMENT OF INCOME

(MNOK)							
	Note	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022	Full year 2022
Revenue	6	1 378	1 402	1 055	2 780	2 104	4 569
Other income		26	3	6	29	9	18
Revenue and other income		1 404	1 405	1 062	2 810	2 113	4 587
Materials and consumables used		446	452	353	898	639	1 447
Employee benefit expenses		501	489	390	989	786	1 691
Other operating expenses	2	230	194	177	424	333	722
Operating expenses		1 177	1 135	921	2 312	1 758	3 860
EBITDA		228	270	141	498	355	726
Depreciation	2	43	42	46	86	91	184
Amortisation		36	26	25	63	46	104
Impairment loss property, plant and equipment	3	-	-	-	-	-	-
Impairment loss intangible assets	3	-	-	-	-	-	9
Operating profit		148	202	70	350	219	429
Finance income		34	83	40	118	53	118
Finance costs		22	35	15	57	39	81
Net financial items		13	48	25	61	14	37
Share of profit or loss of associates and joint ventures		-12	-12	-5	-24	-9	-40
Profit before income tax		148	238	90	386	224	426
Income tax expense	5	107	167	67	274	165	458
Profit (-loss) for the period		41	71	23	112	59	-33
Attributable to:							
Non-controlling interests		-3	-4	-2	-8	-3	-38
Equity holders of the company		44	75	25	119	63	6
Basic/diluted earnings per share (NOK)		0,75	1,29	0,43	2,04	1,08	-0,59
Statement of comprehensive income							
Items that may be reclassified to statement of income							
Total Effect from Foreign Exchange		57	111	127	168	101	56
Change on Cash flow hedges		-1	-15	3	-16	5	-9
Tax on cash flow hedges that may be reclassified to P&L		0	3	2	4	1	2
Items that may be reclassified to statement of income		56	99	132	155	107	50
Items that will not be reclassified to statement of income							
Change in financial assets at fair value through OCI		4	1	-	5	1	-3
Actuarial gains and Losses		-	-	-	-	-	-2
Tax on OCI that will not be reclassified to P&L		-	-	-	-	-	1
Items that will not be reclassified to statement of income		4	1	-	5	1	-5
Total Other Comprehensive Income (OCI)		60	100	132	160	108	45
Profit (-loss) for the period		41	71	24	112	59	-33
Total Comprehensive Income		101	171	156	272	167	12
Attributable to:							
Non-controlling Interests		10	29	23	39	17	-25
Equity holders of the parent		91	142	133	233	150	37
Total Comprehensive Income per share (NOK)		1,84	3,12	2,84	4,96	3,04	0,22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MNOK)	Note	Q2 2023	Q1 2023	Q2 2022	Full year 2022
Assets					
Property, plant and equipment		1 246	1 140	995	1 086
Intangible assets		2 312	1 892	1 869	1 757
Investments in associates and joint ventures		37	34	18	37
Net pension assets		26	25	29	25
Non-current receivables and investments		316	295	265	264
Deferred tax assets		126	121	77	108
Non-current assets		4 063	3 508	3 253	3 277
Inventories		1 155	1 031	697	845
Contract assets		271	199	213	137
Current receivables		1 211	1 311	914	1 218
Cash and cash equivalents		2 005	2 272	2 291	2 340
Derivatives - current assets:		13	12	25	11
Financial assets at fair value through OCI		19	13	16	12
Current assets		4 674	4 839	4 156	4 563
Total assets		8 737	8 347	7 409	7 840
Equity and liabilities					
Share capital		224	224	224	224
Other paid-in capital		25	22	21	22
Treasury shares		-111	-110	-70	-110
Other reserves		92	30	52	-7
Retained earnings		2 973	3 001	3 365	2 994
Capital and reserves attributable to owners of the company		3 203	3 166	3 592	3 123
Non-controlling Interests		695	668	643	661
Total equity		3 898	3 835	4 235	3 784
Non-current bond loans		498	498	497	498
Non-current interest-bearing debt		1 254	370	514	353
Pension liabilities		26	25	24	24
Non-current provisions		29	31	31	34
Deferred tax liabilities		63	64	66	65
Non-current lease liabilities		205	209	145	203
Non-current liabilities		2 076	1 197	1 279	1 176
Current interest-bearing debt		23	197	26	171
Bank overdraft		144	132	52	111
Derivatives - current liabilities		26	24	20	9
Accounts payable		769	738	605	970
Payable income tax		315	474	129	437
Contract liabilities		478	520	348	233
Current lease liabilities		57	63	63	58
Current provisions		47	118	92	118
Other current liabilities		902	1 048	561	773
Current liabilities		2 763	3 315	1 895	2 880
Total liabilities and equity		8 737	8 347	7 409	7 840

CONSOLIDATED STATEMENT OF CASH FLOWS

(MNOK)		YTD 2023	YTD 2022
Cash flow from operating activities			
Profit (-loss) for the period		112	59
Adjusted for			
Depreciation, Impairment and Amortization		148	137
Net financial items		-61	-14
Share of profit from associates and joint ventures		24	9
Tax expense		274	165
Total after adjustments to net income		498	355
Change in Inventories		-242	-114
Change in trade and other receivables		22	108
Change in trade and other payables		-278	-178
Change in other current assets		-28	-15
Change in other current liabilities		217	123
Total after adjustments to net assets		190	279
Tax paid		-422	-175
Net cash from operating activities	A	-232	104
Cash flow from investing activities			
Interest received and realized FX gains		18	10
Dividends received		3	3
Proceeds from sales of PPE		2	3
Purchase of PPE and intangible assets		-293	-130
Purchase of other investments		-23	-68
Proceed from sale of other investments		0	6
Purchase of shares in subsidiaries		-382	-131
Proceeds from the sales of shares in subsidiaries		8	4
Net cash from investing activities	B	-669	-302
Cash flow from financing activities			
New long-term borrowings		715	109
Repayment of long-term borrowings		-61	-111
Cash Flow from issuance of receivables		-28	4
Cash Flow from Net change in current interest bearing debt		52	-117
Interest paid and realized FX losses		-62	-37
Dividend paid		-139	-126
Cash flow from treasury shares		2	3
Net cash from financing activities	C	478	-278
Cash Flow	A+B+C	-423	-477
Opening balance for cash and cash equivalents		2 340	2 708
FX effects on cash accounts		88	57
Closing balance for cash and cash equivalents		2 005	2 291

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(MNOK)

	Share capital	Other paid-in capital	Treasury shares	Other reserves	Retained earnings	Capital and reserves attributable to owners of the company	Non-controlling interests	Total equity
Opening balance at 01.01 2022	224	10	-63	-47	3 240	3 364	545	3 909
Profit (-loss) for the period	-	-	-	0	64	65	-5	59
Total Other Comprehensive Income (OCI)			-	87	-1	86	22	108
Treasury shares	-	11	-7	-	1	5	-1	4
Gain from sale of shares in subsidiaries	-	-	-	-	326	326	-	326
Other changes from subsidiaries	0	-	-	11	41	52	106	158
Dividends paid	-	-	-	-	-305	-305	-24	-329
Closing balance at 30.06	224	21	-70	52	3 365	3 592	643	4 235
Opening balance at 01.01 2023	224	22	-110	-7	2 994	3 123	661	3 784
Profit (-loss) for the period	-	-	-	-	120	120	-8	112
Total Other Comprehensive Income (OCI)			-	115	-2	113	47	160
Treasury shares	-	4	-1	-	-1	1	-	1
Other changes from subsidiaries	-	-	-	-16	-18	-35	20	-14
Dividends paid	-	-	-	-	-120	-120	-26	-145
Closing balance at 30.06	224	25	-111	92	2 973	3 203	695	3 898

STATEMENT OF INCOME PARENT COMPANY

(MNOK)

	Note	Q2 2023	Q1 2023	Q2 2022	Full year 2023
Revenue		126	189	82	605
Other Income		4	4	4	23
Revenue and other income		130	193	86	628
Materials and consumables used		-1	-	-2	4
Employee benefit expenses		11	20	14	78
Other operating expenses		21	26	18	83
Operating expense		32	45	29	165
EBITDA		98	147	56	463
Depreciation		3	3	3	12
Amortisation		0	0	0	2
Operating profit		95	144	53	449
Finance income and finance costs					
Finance income	7	45	174	298	601
Finance costs		6	13	5	55
Net financial items		39	161	292	547
Profit before tax		134	305	345	996
Income tax expense		76	140	63	392
Profit (-loss) for the period		57	164	282	604
Basic/diluted earnings per share (NOK)		1,04	3,00	5,14	11,03
Statement of comprehensive income					
Profit for the period		57	164	282	604
Change in financial assets at fair value through OCI		4	1	-	-3
Actuarial gains and Losses		-	-	-	-3
Tax on OCI that will not be reclassified to P&L		-	-	-	1
Items that will not be reclassified to statement of income		4	1	-	-5
Total Other Comprehensive Income (OCI)		4	1	-	-5
Total Comprehensive Income		61	166	282	599
Attributable to:					
Equity holders of the parent		61	166	282	599
Total Comprehensive Income per share (NOK)		1,12	3,02	5,14	10,93

STATEMENT OF FINANCIAL POSITION PARENT COMPANY

(MNOK)	Note	Q2 2023	Q1 2023	Q2 2022	Full year 2022
Assets					
Property, plant and equipment		232	231	167	229
Intangible assets		8	8	10	9
Investment in associates		17	17	-	17
Investment in subsidiaries		1 788	1 792	1 724	1 752
Intercompany loans		1 025	812	643	321
Net pension assets		12	12	14	12
Non-current receivables and investments		181	172	184	171
Deferred tax assets		47	47	27	47
Non-current assets		3 310	3 092	2 769	2 558
Current receivables		238	205	113	508
Cash and cash equivalents		1 062	1 074	1 043	1 160
Financial assets at fair value through OCI		19	13	16	12
Current assets		1 320	1 292	1 172	1 680
Total assets		4 629	4 384	3 941	4 238
Equity and liabilities					
Share capital		224	224	224	224
Other paid-in capital		25	22	21	22
Treasury shares		-111	-110	-70	-110
Other reserves		3	-1	1	-3
Retained earnings		3 009	3 007	2 975	2 894
Capital and reserves attributable to owners of the company		3 150	3 141	3 151	3 027
Total equity		3 150	3 141	3 151	3 027
Bond		498	498	497	498
Non-current interest-bearing debt		603	167	103	153
Pension liabilities		6	6	6	6
Provisions		2	2	10	2
Non-current lease liabilities		59	60	14	60
Non-current liabilities		1 167	731	631	719
Accounts payable		10	7	24	12
Payable income tax		237	401	85	375
Current interest-bearing debt, intercompany		25	27	36	17
Current lease liabilities		2	2	4	2
Other current liabilities		38	73	11	85
Current liabilities		312	511	159	492
Total liabilities and equity		4 629	4 384	3 941	4 238

STATEMENT OF CASH FLOWS PARENT COMPANY

(MNOK)		YTD 2023	YTD 2022
Cash flow from operating activities			
Profit (-loss) for the period		221	579
Adjusted for			
Depreciation, Impairment and Amortization		7	7
Net financial items		-200	-545
Tax expense		217	144
Total after adjustments to net income		245	186
Change in trade and other receivables		-7	25
Change in trade and other payables		-2	-26
Cash flow from Internal Accounts Payable and Receivable		9	41
Change in other current liabilities		-41	-7
Change in employee benefits		-1	-1
Total after adjustments to net assets		204	218
Tax paid		-355	-105
Net cash from operating activities	A	-151	113
Cash flow from investing activities			
Interest received and realized FX gains		31	10
Dividends received		100	97
Purchase of PPE and intangible assets		-9	-3
Purchase of financial assets at fair value		-2	-
Purchase of other investments		-10	-68
Purchase of shares in subsidiaries		-41	-47
Proceeds from the sales of shares in subsidiaries		8	166
Net cash from investing activities	B	77	155
Cash flow from financing activities			
New long-term borrowings		426	103
Repayment of long-term borrowings		-1	-2
Cash Flow from Internal Loans and Borrowings		-330	-638
Interest paid and realized FX losses		-24	-24
Group Contribution Received		9	22
Dividend paid		-107	-102
Cash flow from treasury shares		2	4
Net cash from financing activities	C	-24	-636
Cash Flow	A+B+C	-98	-368
Opening balance for cash and cash equivalents		1 160	1 411
Closing balance for cash and cash equivalents		1 062	1 043

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	-	-	-	-	579	579	579
Total Other Comprehensive Income (OCI)	-	-	-	1	-	1	1
Dividends paid	-	-	-	-	-305	-305	-305
Closing balance at 30.06	224	21	-70	1	2 975	3 151	3 151
Opening balance at 01.01 2023	224	22	-110	-3	2 894	3 027	3 027
Profit (-loss) for the period	-	-	-	-	221	221	221
Total Other Comprehensive Income (OCI)	-	-	-	5	-	5	5
Treasury shares	-	4	-1	-	-	2	2
Dividends paid	-	-	-	-	-107	-107	-107
Closing balance at 30.06	224	25	-111	3	3 009	3 150	3 150

NOTE 1 CONFIRMATION OF FINANCIAL FRAMEWORK

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

NOTE 2 KEY ACCOUNTING POLICIES

The accounting policies for 2022 are described in the Annual Report for 2022. The financial statements have been prepared in accordance with EU-approved IFRS and associated interpretations, as well as the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and stock exchange regulations and rules, applicable as at 31 December 2022. The same policies have been applied in the preparation of the interim financial statements as at 30 June 2023. New standards effective from 1 January 2023 have had no material effect on the financial statements.

NOTE 3 ESTIMATES

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

NOTE 4 RELATED PARTY TRANSACTIONS

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

NOTE 5 PROVISION FOR INCOME TAX

Provision for income tax for the quarter is based on the new increased tax burden on the Norwegian Hydropower industry as adopted and implemented by the government in 2022. The additional new resource rent tax has increased the provision for income tax by MNOK 9 for the quarter. The new high-price contribution has increased the provision for income tax by MNOK 8 for the quarter. Total increased tax burden for Q2 2023 due to new tax regulations is MNOK 17.

NOTE 6 SEGMENT REPORTING

(MNOK)

Per 30.06.	Group Management		AFK Vannkraft		Volve		NSSLGlobal		ENRX	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	-	-	315	251	127	110	605	506	453	319
Sales over time	-	-	-	-	587	473	-	-	440	288
Other Income	7	7	3	-	25	2	-	-	2	2
Revenue and other income	7	7	317	251	739	584	606	507	896	609
Operating expenses	36	46	43	26	612	505	480	370	807	566
Depreciation, amortization and impairment	1	3	6	4	55	53	9	23	40	31
Operating profit	-30	-42	268	221	72	26	116	113	48	13
Net financial items	200	545	-	-	3	1	-3	-	-22	-4
Income tax expense	8	17	208	127	22	10	24	23	12	10
Profit (-loss) for the period	162	485	60	94	52	17	90	90	15	-1
Total assets	4 403	3 705	229	236	2 056	1 626	1 042	829	1 979	1 710
Total liabilities	1 230	675	252	115	1 178	840	479	380	1 582	1 264
Net interest bearing debt	-1 154	-1 122	-	-	-72	-460	-306	-306	626	450

Per 30.06.	Tekna		Alytic		Property		Vergia		Ampwell	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	114	78	21	18	3	21	-	-	71	17
Sales over time	44	24	-	-	-	-	-	-	-	-
Other Income	1	3	-	-	5	6	-	-	1	-
Revenue and other income	159	104	21	18	9	27	-	-	72	18
Operating expenses	173	158	53	33	8	22	4	4	106	33
Depreciation, amortization and impairment	16	14	6	2	6	6	-	-	12	4
Operating profit	-31	-68	-38	-17	-5	-2	-3	-4	-46	-20
Income from associates	-6	-5	-	-	-	-	-8	-3	-1	-
Net financial items	-3	-6	-	-	-3	-1	-1	-	-13	-3
Income tax expense	-	-	-	-	-	1	-	-	-	-
Profit (-loss) for the period	-39	-79	-38	-17	-9	-4	-13	-7	-60	-23
Total assets	604	633	213	154	535	420	37	22	775	492
Total liabilities	210	128	70	35	337	208	40	1	826	415
Net interest bearing debt	75	-112	-35	-42	141	112	24	-14	605	308

Per 30.06.	Eliminations		Total	
	2023	2022	2023	2022
Sales at a point in time	-	-	1 710	1 320
Sales over time	-	-	1 071	784
Other Income	-16	-11	29	9
Revenue and other income	-16	-11	2 810	2 113
Operating expenses	-11	-6	2 312	1 758
Depreciation, amortization and impairment	-4	-4	148	137
Operating profit	-1	-1	350	219
Income from associates	-10	-	-24	-9
Net financial items	-98	-517	61	14
Income tax expense	-	-22	274	165
Profit (-loss) for the period	-109	-496	112	59
Total assets	-3 136	-2 418	8 737	7 409
Total liabilities	-1 364	-887	4 839	3 174
Net interest bearing debt	1	-17	-96	-1 202

NOTE 7 FINANCE INCOME, PARENT COMPANY

(MNOK)

	YTD 2023	YTD 2022
Interest income, I/C	25	0
Interest income	21	4
Currency exchange income	70	0
Gain on partial sale of subsidiaries	4	163
Dividend income	3	3
Dividend income I/C an group contribution	96	94
Total	219	264

NOTE 8 BUSINESS COMBINATIONS

(MNOK)

ACQUISITION OF VOLUE OY (ENERIM OY)

In the second quarter (June), Volue acquired Enerim Oy's Wholesale Markets Business Line. The company is based in Helsinki, Finland and includes 63 employees.

Purchase consideration

Cash paid	364
Total purchase consideration	364

Assets and liabilities recognised as a result of the acquisition

Intangible assets	75
Fixed assets	0
Other receivables	11
Cash and cash equivalents	12
Other current liabilities	-12
Net assets acquired	86

Purchase price shares in Volue OY	364
Goodwill	278

Final PPA is not yet completed.

VISITING ADDRESS

Langbryggen 9
4841 Arendal

POSTAL ADDRESS

Box 280
4803 Arendal

+47 37 23 44 00
firmapost@arendalsfoss.no
arendalsfossekompani.no