

Arendals Fossekompani

Q1 update, 6 May 2022

Disclaimer

This Presentation includes and is based on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ from the projected results. These statements and this Presentation are based on current expectations, estimates and projections about global economic conditions and the economic conditions of the regions and industries that compose major markets for the businesses of Arendals Fossekompagni ASA and its subsidiaries and affiliates (the "AFK Group"). These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the businesses of the AFK Group, energy prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Presentation. Although the AFK Group believes that its expectations and the Presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the Presentation. The AFK Group is making no representation or warranty, express or implied, as to the accuracy, reliability or completeness of the Presentation, and neither the AFK Group nor any of its directors, officers or employees will have any liability to you or any other persons resulting from the use of the Presentation.

Highlights Q1 2022

Development YoY

- Revenues up 21% to 1,052 MNOK (869 MNOK), and EBIT up 91% to 149 MNOK (78 MNOK)
- Electricity prices three times higher than in Q1 2021, lifting power revenue from 75 MNOK to 169 MNOK.
- Volue: Recurring revenues at 65% of total revenues and growing 13% from Q1, 2021
- Tekna: Powder revenue grew 5% year-on-year, and increased order intake by 69%. Capacity in-line for 70% increase by year end
- NSSLGlobal with 5.6% revenue growth and very strong margin (EBIT of 39 MNOK), partially due to airtime increase
- EFD Induction had 11% revenue growth, and an, improved, margin of 4.4%, but still affected by supply chain issues
- Dividend NOK 0.95 per share for the quarter



M&A/structural activity

Events after the end of quarter

- Acquisition of battery specialist Commeo, and establishment of Ampwell
- HydePoint announced with partners Kongsberg and Moreld
- Alytic acquires Factlines



The portfolio is being transformed

Green energy



Hydropower

500 GWh production in NO2

AFK Vergia

Forward looking decarbonisation businesses in a synergistic ecosystem

 **Ampwell**

Industry-scale battery service storage provider for international markets

Electrification, materials & I4.0



Global technology driven powder producer for 3D printing, battery anodes & micro electronics

EVOLGY

Leading international tech company with green induction applications and technologies

Digitalization & big data analytics

value

Digital energy and infrastructure solutions for the green transition



NSSLGlobal

Cyber secure space & satellite comms services anywhere

alytic

Active transformer of big data intensive companies

Volue

Q1 highlights

Recurring revenue constituted 65 percent of total revenues and reached NOK 185 million in the quarter, a growth of 13 percent from the first quarter of 2021.

SaaS revenues were NOK 66 million in the quarter, an increase of 40% compared to Q1 2021.

Strong performance in Energy segment with 26% growth, due especially to tailwind in trading software.

900 deals in the quarter is a new Volue record.

Adjusted EBITDA decreased NOK 7 million to NOK 45 million, as Volue continued to invest in SaaS products and new markets, driven by planned efforts to reach long term targets.



Tekna

Q1 highlights

Total operating revenues decreased to CAD 6.5 million (7.6 million), due to systems revenue volatility.

Powder revenue in Q1 grew 5% year-on-year, and increased order intake by 69%.

Revenue was limited by powder production capacity, which through machine performance upgrades and adding more machines, will increase by 70% by year-end.

Order backlog for advanced materials continued to grow to CAD 10.8 million at the end of the first quarter, a 54% increase from Q1, 2021

Adjusted EBITDA in Q1 was CAD -2.8 million, somewhat better than CAD -3.4 million in the fourth quarter of 2021

EFD Induction

Q1 highlights

Total operating revenues increased 11% to NOK 296 million (266). Operating profit (EBIT) at NOK 12.9 million (NOK 2.7), equals a margin of 4.4%, which is below target profitability.

The business is still negatively affected by the general disturbances in global supply chain, and regional effects of the Covid-19 pandemic.

However, the order intake continues its positive trajectory, driven by new orders in all regions. The company ended the first quarter with an order backlog of EUR 115 million compared to a backlog of EUR 100 million at the end of Q4 2021.

Revenue and margins in the first quarter generally reflect solid project execution and sharp development of the group's product portfolio.



NSSLGlobal

Q1 highlights

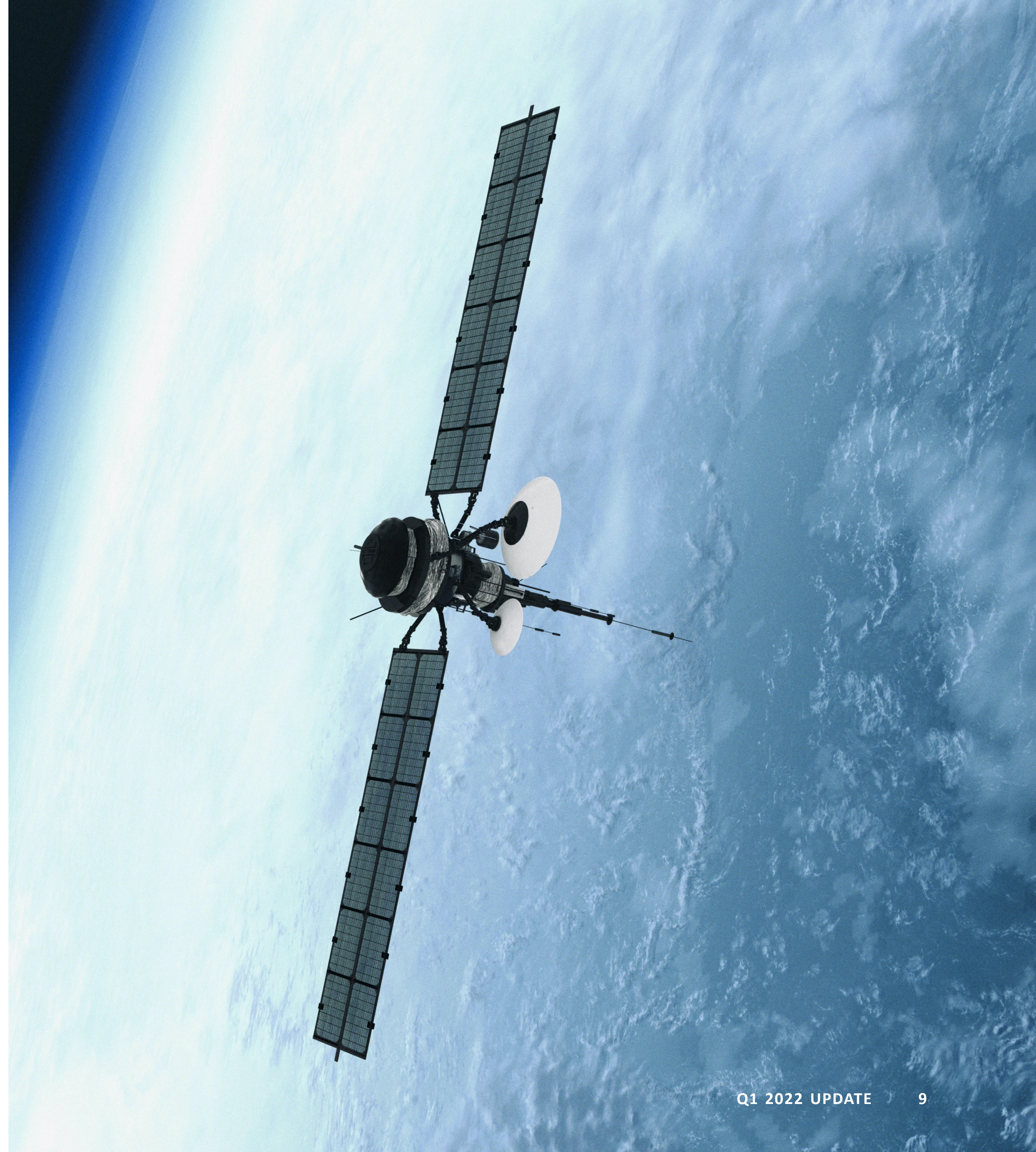
Total operating revenue for the first quarter amounted to £18.9 million (17.9 million), a growth of 5.6%.

Higher gross margin largely due to increased government airtime and government projects compared to last year, in part due to the Ukraine crisis.

Leading to a strong EBITDA of £3.9 million (£3.1 million) and EBIT of £3.2 million (£2.4 million).

NSSLGlobal won £9.8 million of new business opportunities of which a significant portion of that was either new NAVCOM project and support business or governmental engineering project and system work.



Strong sales and bid pipeline. NSSLGlobal has been successful in winning complex, high margin engineering projects across maritime and governmental sectors. Exciting new sales opportunities in these sectors going forward.



Alytic continues to accelerate growth in their existing portfolio companies, through building strong teams and the development of competitive products and business models.

- Alytic invests in companies with products and services relevant to global markets where data is, or has the potential to be, vital in the company’s value proposition.
- Alytic focuses on companies to which they can contribute with substantial value and work closely with a dedicated management team.
- Alytic’s mandate is to continue growing their portfolio and expects to do their first acquisition outside of Norway in Q2.
- After the end of Q1, Alytic acquired a majority share in Factlines. This is part of the strategy to expand the product offerings in the ESG and Renewables vertical.

PORTFOLIO UPDATE

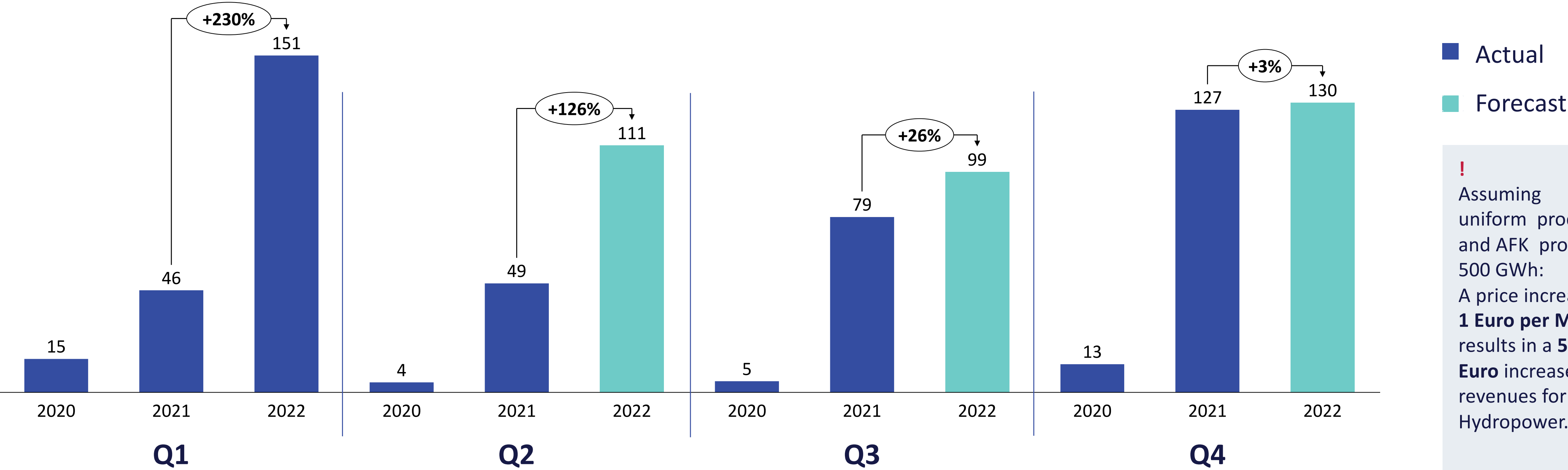
<div>Aquaculture <i>Goal: Global player for digital information flow, insight and decision support in the seafood sector</i></div> <div><div>KONTALI</div><p>Strong demand for Kontali data and insight continued in Q1</p><p>The transformation journey from consulting business to a analysis-as-a-service product in Kontali is on schedule.</p><p>Launch of a new Insights portal for aquaculture planned in Q3 2022.</p></div>	<div>Renewables <i>Goal: Leading position in data and analysis of "climate quotas" both voluntary and regulated including EAC and Carbon</i></div> <div><div>Greenfact</div><p>Greenfact is experiencing good traction on their existing insights product. Recruitment of key personnel is well underway with several key hires signed and onboarding is scheduled for Q3.</p><p>Greenfact is investing in growth and the positioning of the company, and is currently updating their strategy to include new product lines and strengthen the analytical capabilities</p></div>	<div>IoT and Cybersecurity <i>Goal: Leading player in traffic monitoring, fraud and traffic analysis for telecom operators</i></div> <div><div>Utel</div><p>Historically, Utel has had a strong focus on technology and product. Going forward, Utel will in addition strengthen their commercial capabilities.</p><p>Telecom operators demand better solutions for preventing fraud and to secure the quality of their networks. Utel will focus on specializing their offering within these areas.</p></div>	<div>ESG <i>Goal: A leading European ESG Tech company offering services for sustainable supply chains, reporting/EU Taxonomy, life cycle analysis</i></div> <div><div>FACTLINES</div><p>Mobilize the current organization and product to position Factlines for July 1st. This is when the Norwegian Transparency Act will enter into force.</p><p>Prepare for developing new business areas 1) sustainability accounting and reporting 2) Life cycle analysis.</p></div>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Electricity prices will remain high

...at least for 2022

Price forecast is high, but dependent on weather conditions and European power prices

Actual and forecasted EUR/MWh NO2, 2020-2022



! 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.

Source: Nordpool Spot for historical prices (average of months), Value Insight for forecasted prices.
Prices are average of historical and forecasted months

Portfolio with a strong contribution to planet, people and prosperity

In AFK we optimize our portfolio companies; from our responsible investment strategy, to onboarding and continuous improvements during the ownership period:

- Acquisition
- ESG onboarding
- Materiality analysis
- Strategy development
- Annual assessment and reporting

Gives

- Transparency on ESG-matters and a higher valuation potential



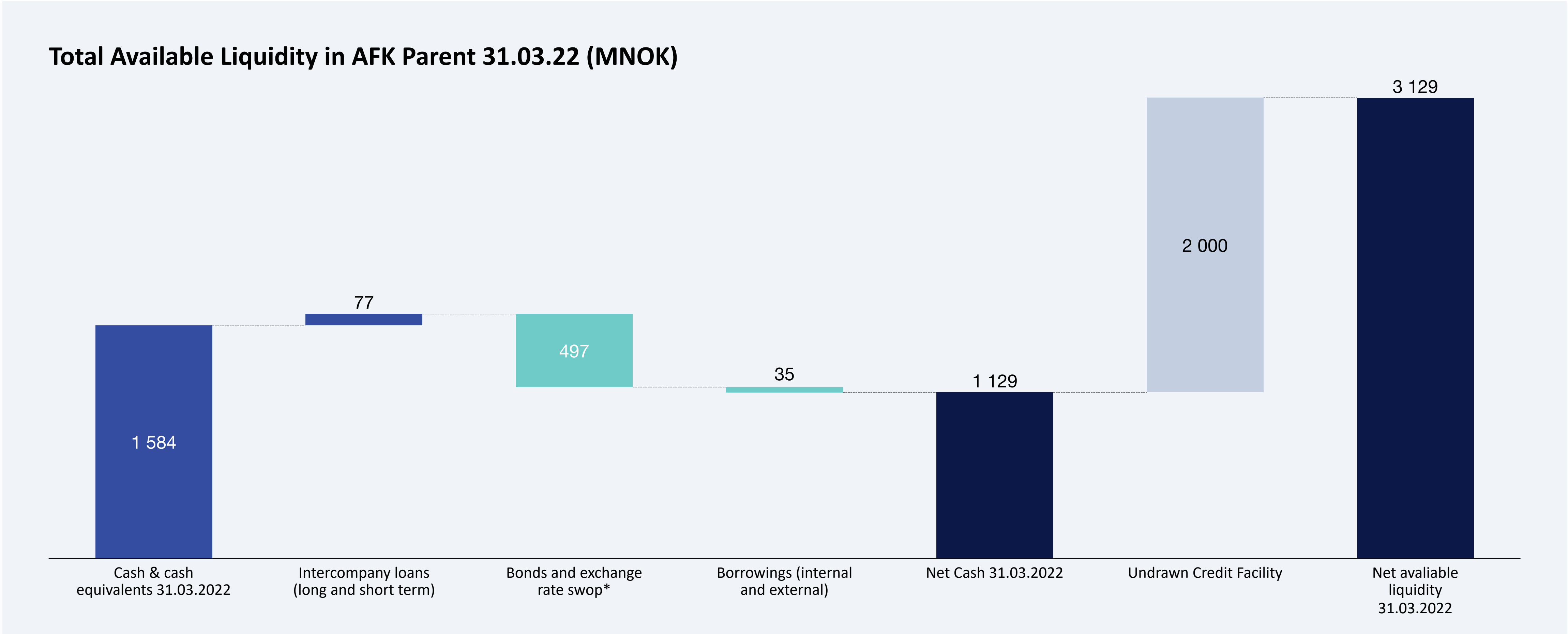
Strong underlying results

- Strong profitability in the mature companies, whereas the growth companies continue to invest
- In addition, contribution from hydropower increased EBIT with **88 MNOK** (AFK Parent)
- **Outlook 2022:** Highly dependent on electricity prices, which is estimated to remain high. Uncertainty from Ukraine crisis, but likely mixed impact

EBIT, MNOK	Q1 2022	Q1 2021	Difference
EFD Induction	13	3	+10
NSSLGlobal	39	29	+10
Tekna	-33	-9	-24
Volue	14	21	-7
AFK Parent/Hydropower	126	38	88
Other	-10	-4	-6
AFK consolidated	149	78	+71

AFK with 1.6 BNOK in cash

and 3.6 BNOK in gross available liquidity

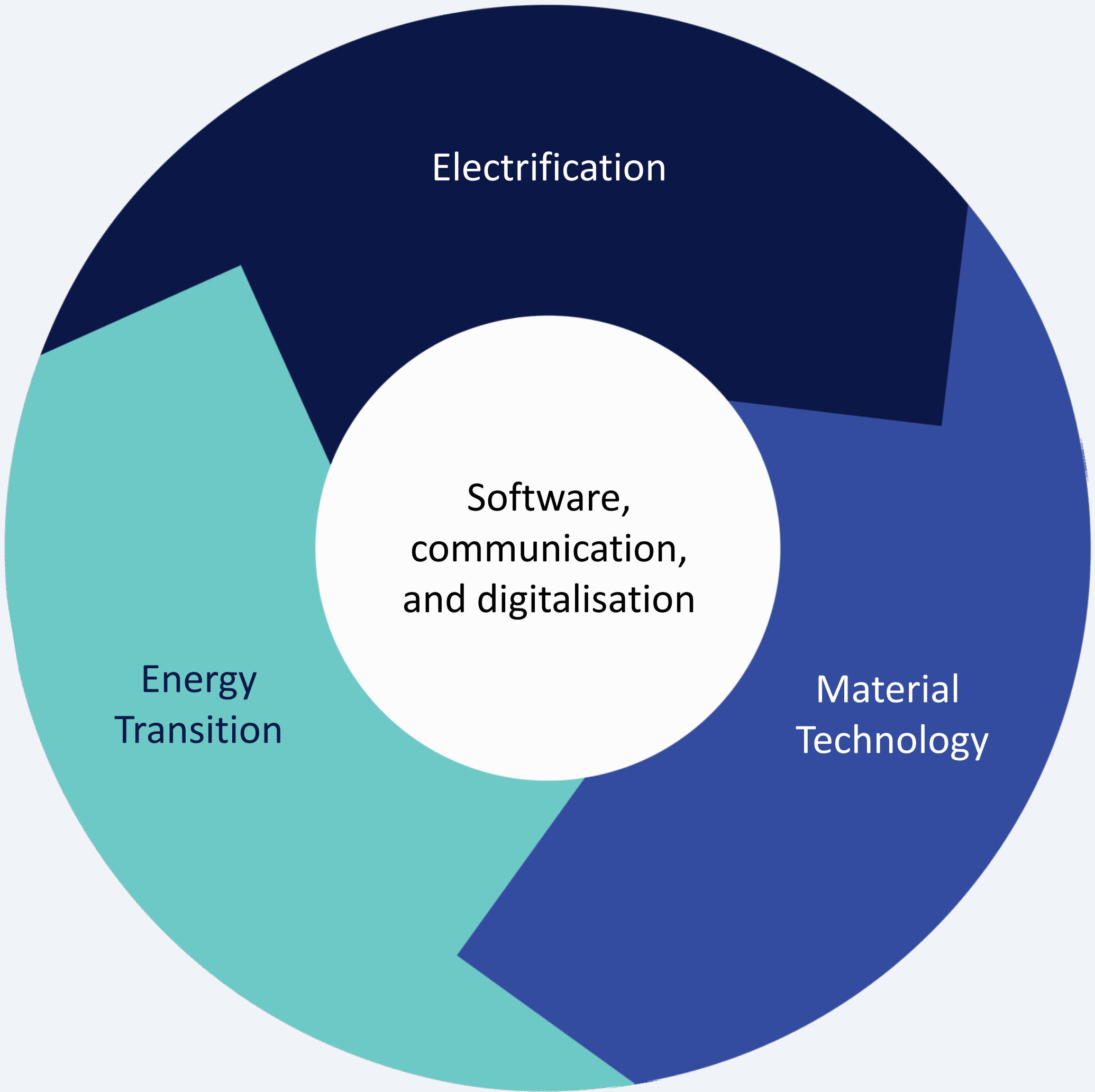


AFK Group with unique value creating synergies

Unique engineering competences
across Asia, Europe and Americas with
specialist professionals in energy,
materials, electrification and enabling
software and communication

Global infrastructure of plants, service
hubs and supply chain, combined with
highly efficient sales force

Access to customer base of thousands
of blue-chip industrial companies
worldwide



value



M&A and structural initiatives





Ampowell



User interface.
Ready for I4.0

commeo
energy storage
block

+

commeo
control unit

=

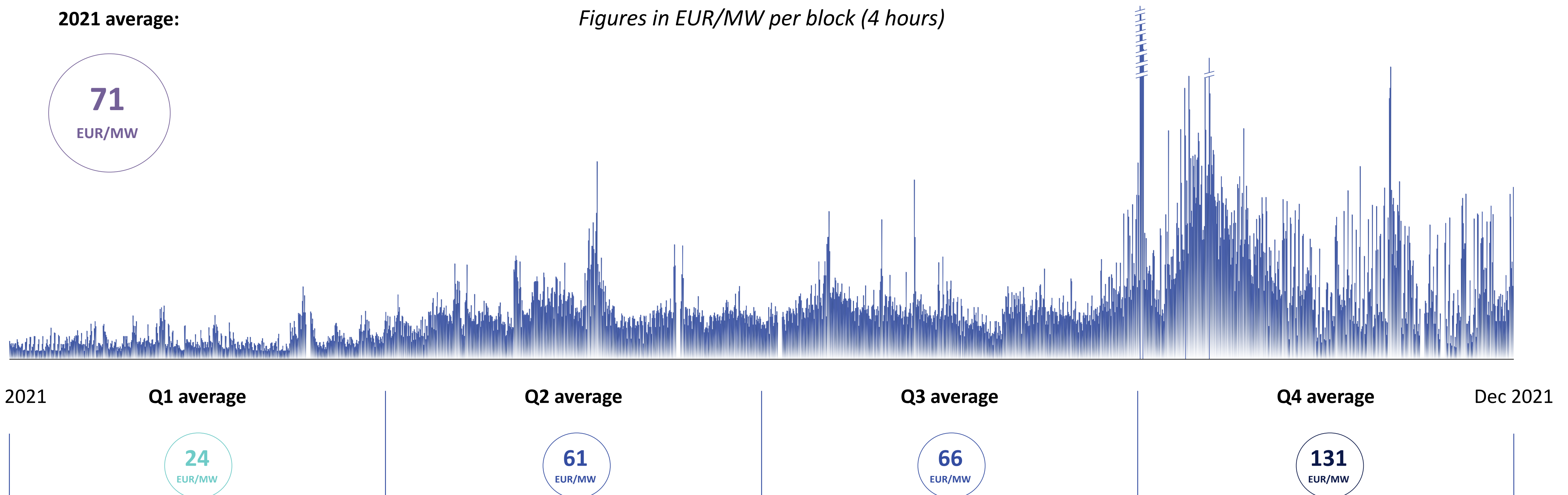
commeo
battery system

The energy transition increases price volatility, driving the need for flexible energy storage

FCR market prices in Germany in 2021

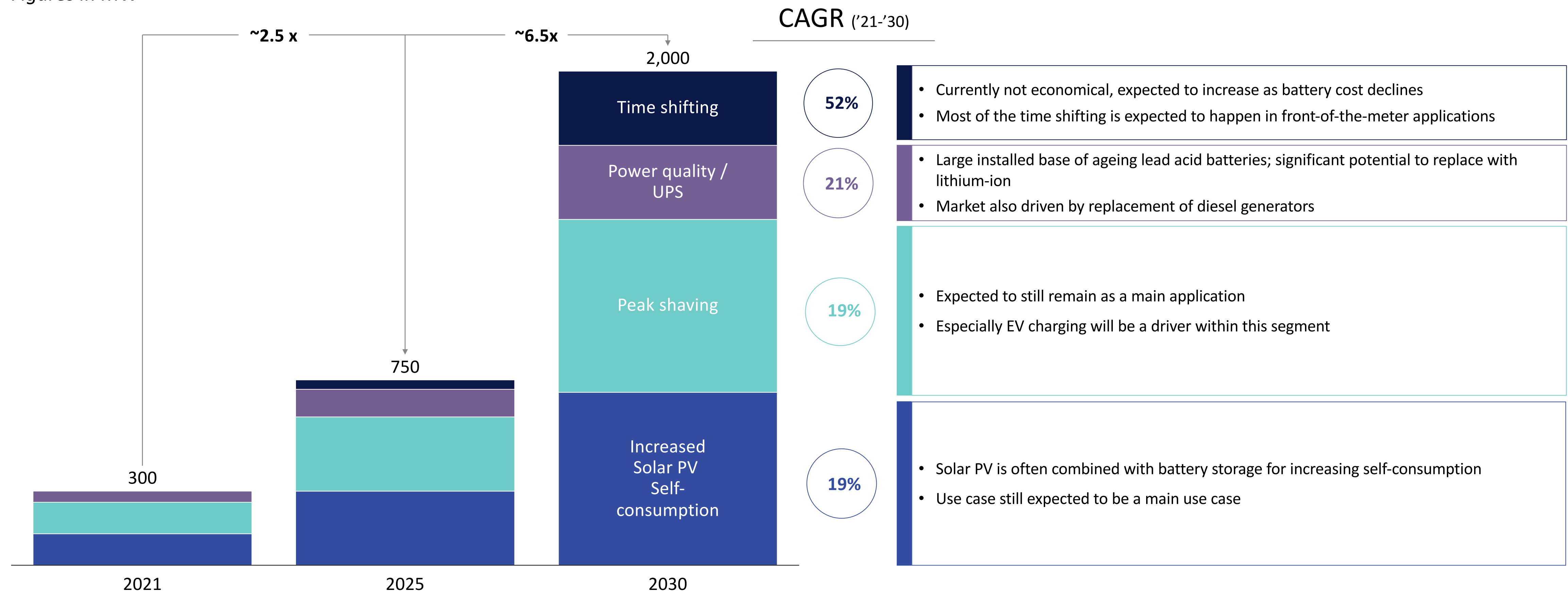
2021 average:

Figures in EUR/MW per block (4 hours)

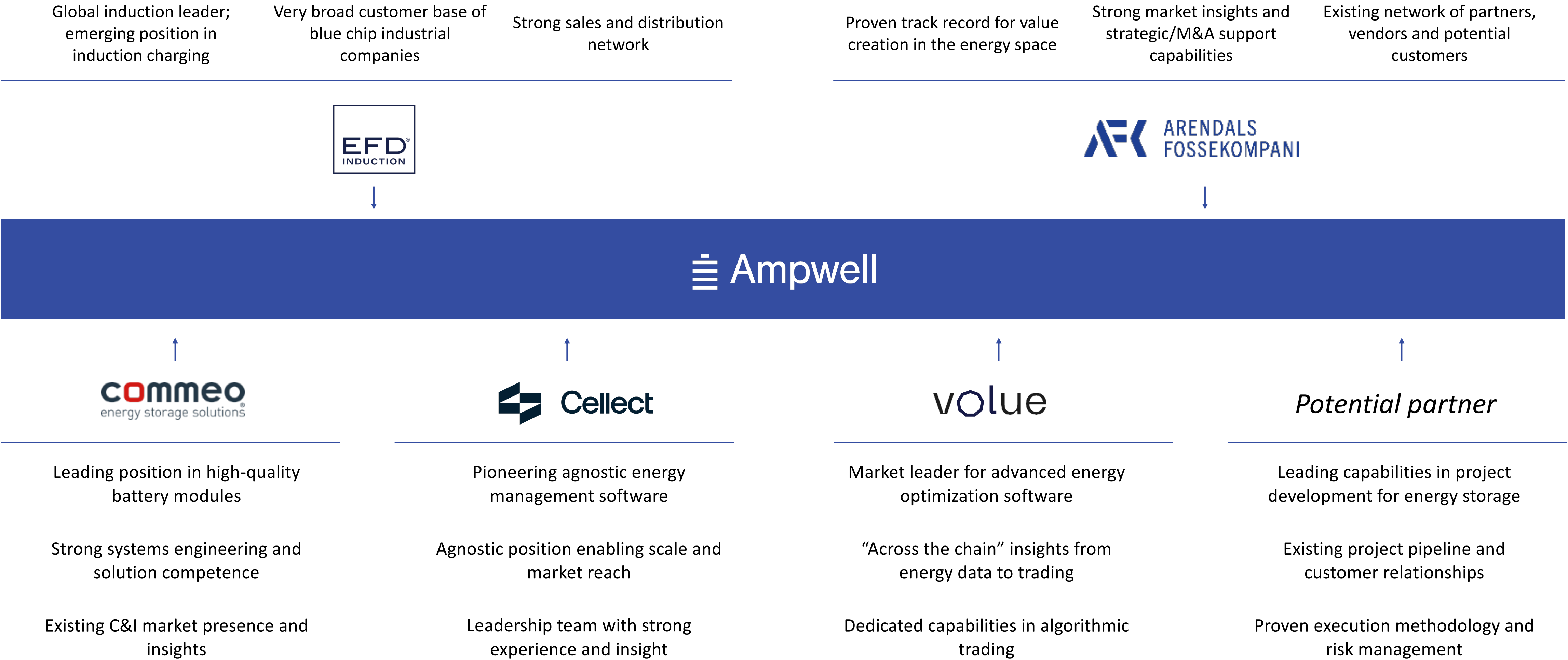


Peak shaving and storage + solar PV are expected to remain the main use cases towards 2030

Figures in MW



Dedicated energy storage player drawing on best-in-class capabilities





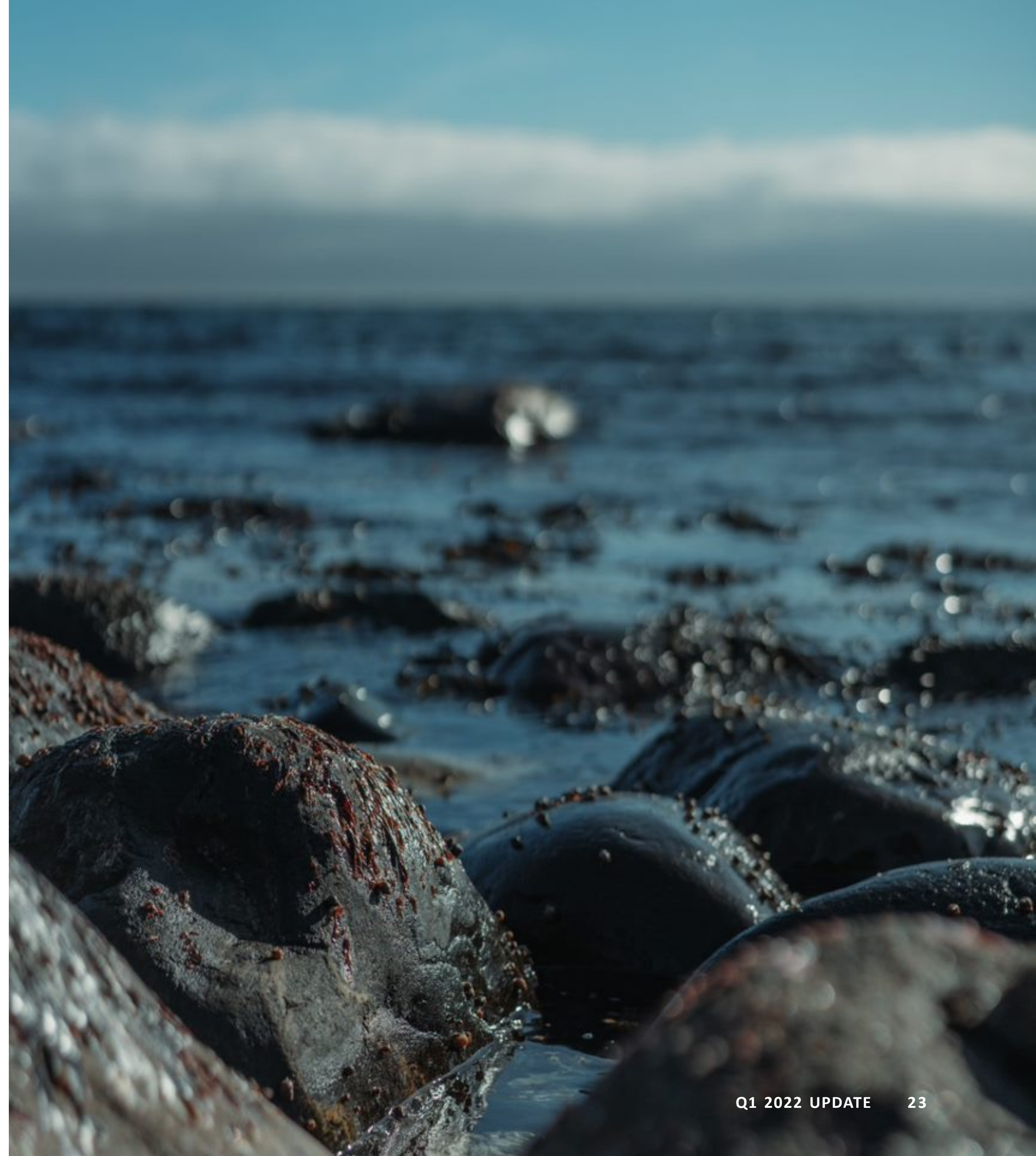
Vergia

Driving the green transition

A strategic investment company ...

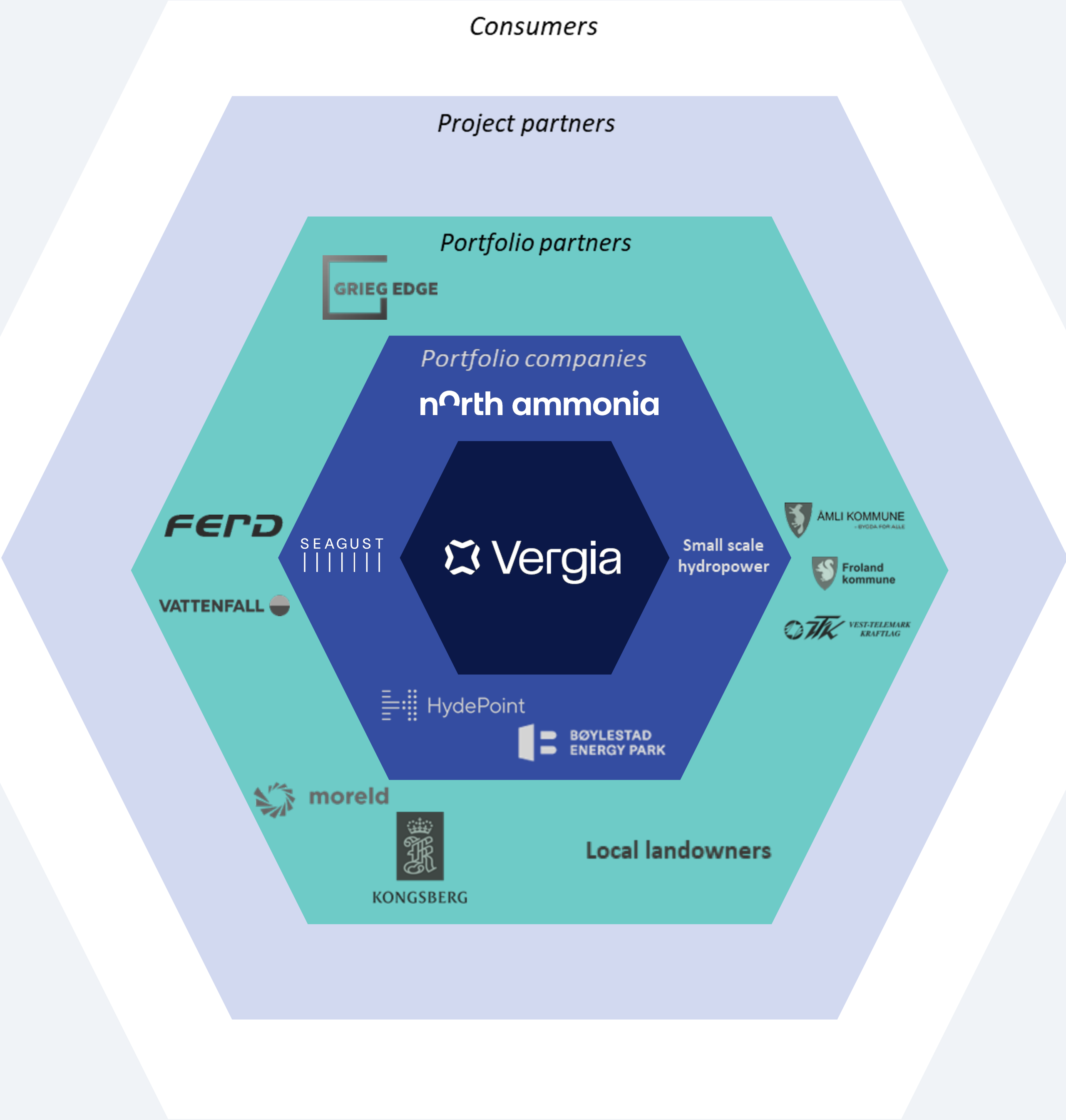
... combining unrivalled **in-house competence**
with exceptional **strategic partners** ...

... developing **large scale green projects** in
verticals within the energy transition sphere



The Vergia Ecosystem

	Small scale hydropower		Small scale hydropower
	Power-to-X		HydePoint
	Energy Parks		BØYLESTAD ENERGY PARK
	Solar		
	Offshore wind		SEAGUST
	Battery		
	Green Fuels		nØrth ammonia
	Carbon Capture		



AFK portfolio combines value growth potential and dividend funding companies

Driven by strong long term
mega trends and with high
valuation upside potential

Value growth companies

value

≡ Ampwell

TEKNA

EVOLGY

AFK Vergia

alytic

Dividend funding

AFK
Hydropower

NSSLGlobal

AFK
Property

Closing summary

Q1 2022

- Strong underlying results and balance sheet, with positive outlook and very well positioned portfolio
- Focus on developing embedded positions within battery storage solutions, induction wireless charging, and energy transition solutions
- Building a strong portfolio with substantial value uplift potential in 6 companies, plus dividend yielding base investments in NSSLGlobal, hydropower and eventually property

Q&A



Solid P&L

- Revenue mainly up due to increased electricity prices
- Large increase in tax cost reflects growth in Norwegian electricity prices

P&L consolidated Q1 2022 & Q1 2021

MNOK	Q1 2022	Q1 2021
Revenues	1 052	869
EBITDA	215	134
EBITDA %	20,4%	15,4%
EBIT	149	78
EBIT %	14,2%	9,0%
Net Financials	-11	-1
Profit before tax	134	75
Tax income	-98	-47
Net discontinued operations	0	4
Profit for the period (continuing operations)	36	28
Basic earnings per Share (NOK) ¹	0,65	0,59

¹ The number of outstanding shares has been normalized due to split (25:1) on 21.11.2020.
Outstanding shares 31.03.2022 was 54 896 950