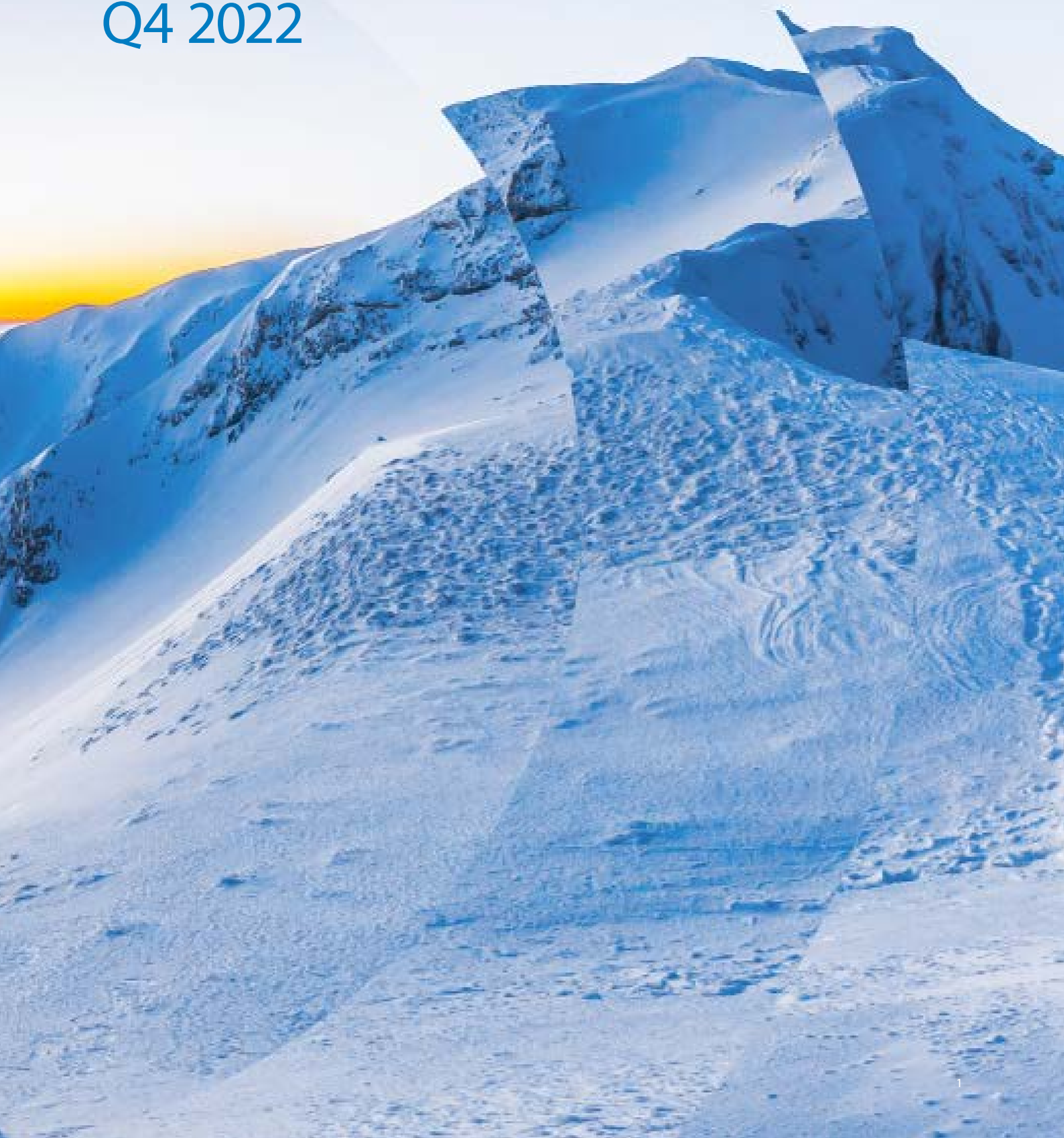


Interim report

Q4 2022



Highlights Q4 2022

High electricity prices, increased tax burden

The average price of electricity on the spot market remained high, while the production was normalized compared with 2021. A new increased tax burden for the Norwegian hydro-power industry was implemented, significantly reducing net profit for the quarter and full year.



NOK 0.95

Per share

Dividend to be paid in February

Arendals Fossekompani will pay a quarterly dividend for the fourth quarter of NOK 0.95 per share.



Substantial Tekna PlasmaSonic order

A leading aerospace original equipment manufacturer has confirmed an order in excess of CAD 9 million for Tekna PlasmaSonic systems.

Value increased SaaS revenue

Value Software-as-a-Service revenues increased by 22% compared to the fourth quarter of 2021, representing 23% of total revenues.

value



Strong Evolgy backlog

Total order intake for Evolgy in 2022 amounted to EUR 157 million, an increase of 22% from 2021, which has resulted in an all-time high backlog.

Financial Highlights

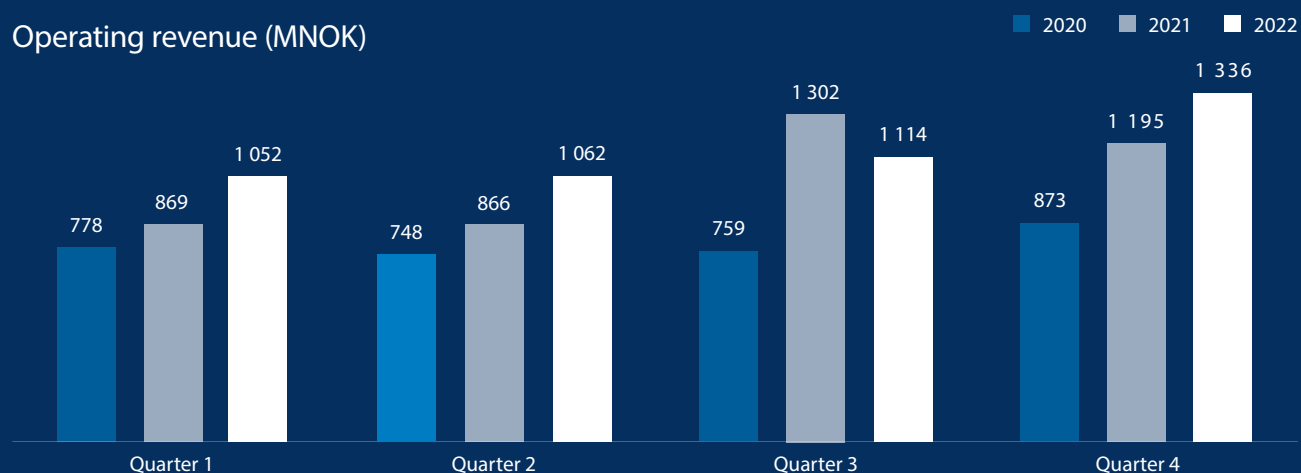
Q4 2022

KPIs for Arendals Fossekompagni consolidated, continuing operations

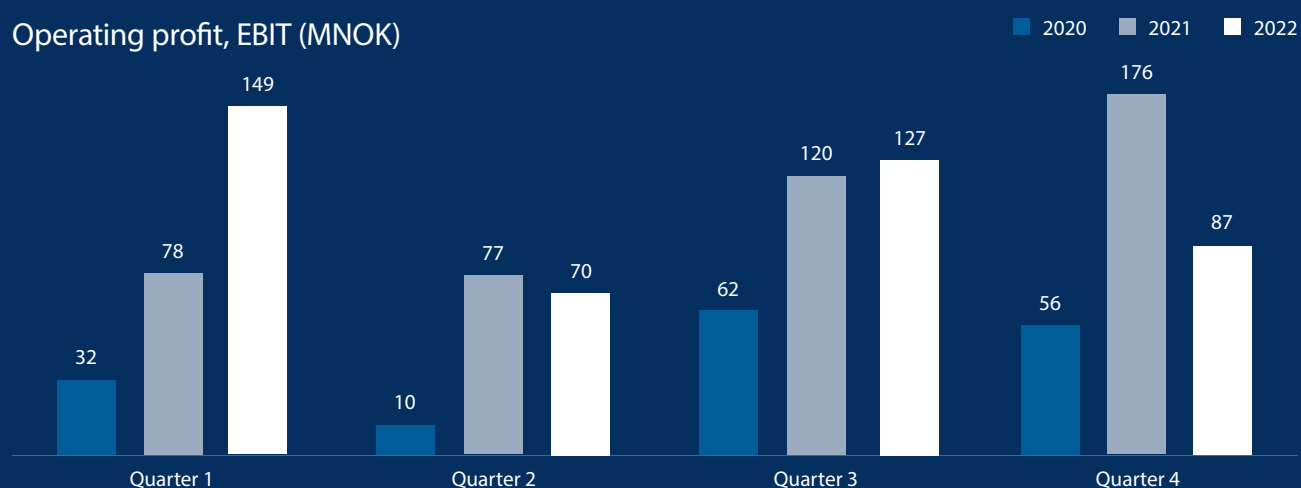
	Q4	Q4	Full year	Full year
MNOK	2022	2021	2022	2021
Operating revenue	1 336	1 195	4 563	4 232
Operating profit (EBIT)	87	176	432	450
Margin	6%	15%	9%	11%
Operating profit (EBIT) by company				
Parent Company	181	126	450	236
Volue	-4	25	40	45
NSSLGlobal	21	50	210	166
Evolgy	-29	31	-3	83
Tekna	-40	-53	-153	-89
Vergia	-2	-0	-7	-0
Ampwell	-20	-	-50	-
Alytic	-16	-8	-46	-16
Property	-3	7	-7	27
Operating profit	87	176	432	450
Profit before income tax	75	93	421	332
Profit for the period, continuing operations	-109	-23	-19	97

*All KPIs and graphs are based on continuing operations.
For information on discontinued operations, see Note 6.*

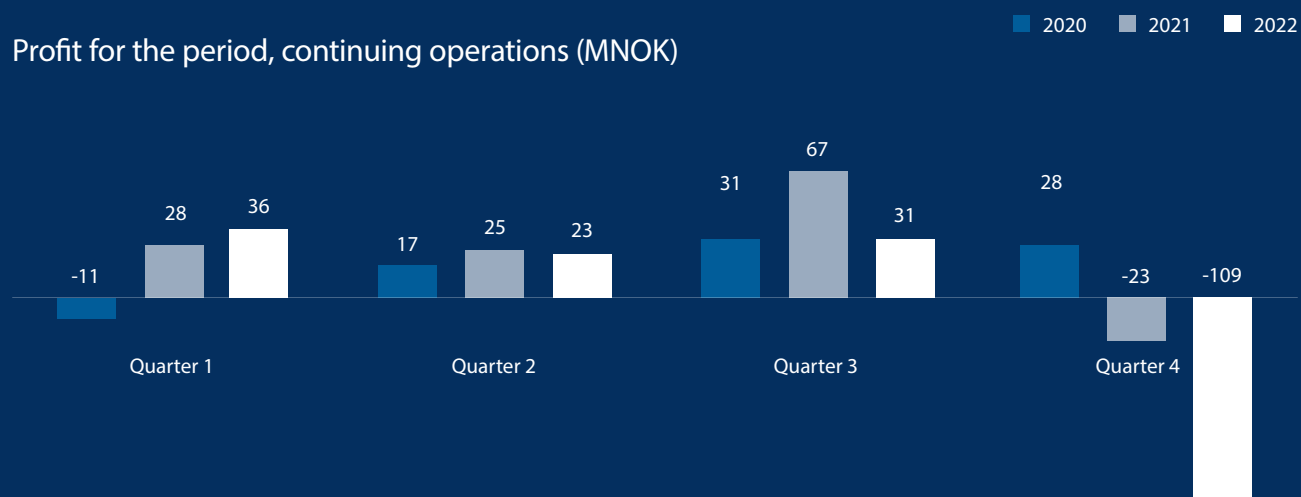
Operating revenue (MNOK)



Operating profit, EBIT (MNOK)



Profit for the period, continuing operations (MNOK)



Committed to Science Based Targets

Arendals Fossekompani has committed to set near-term company-wide emissions reduction targets in line with the Science Based Targets initiative.

“Business has a vital role to play in driving down greenhouse gas emissions and building the resilient, zero-emissions economy we urgently need. This action must be grounded in science,” says Chief Sustainability Officer, Ingunn Ettestøl.

The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets. SBTi shows companies and financial institutions how much and how quickly they need to reduce their greenhouse gas emissions to prevent the worst effects of climate change.

Arendals Fossekompani has committed to reducing absolute Scope 1 and Scope 2 greenhouse gas emissions with 42% by 2030, and to have 60% of the portfolio set science-based targets by 2027, and 70% by 2030.

“We are pleased to have started this process and we look forward to working with our portfolio companies in submitting their own science-based targets,” says Ettestøl.

The Science Based Targets initiative defines and promotes best practice in emissions reductions and net-zero targets in line with climate science, and it provides technical assistance and expert resources to companies that set science-based targets.

More than 2,000 organizations worldwide are leading the transition to a net-zero economy by setting emissions reduction targets grounded in climate science through the SBTi.





“Business has a vital role to play in driving down greenhouse gas emissions and building the resilient, zero-emissions economy we urgently need. This action must be grounded in science.”

Ingunn Ettestøl
Chief Sustainability Officer

CDP-score: B

Arendals Fossekompani is committed to disclosing emission data through CDP, a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

CDP is considered the gold standard of environmental reporting with the richest and most comprehensive dataset on corporate and city action. Each year, CDP takes the information supplied in its annual reporting process and scores companies and cities based on their journey through disclosure and towards environmental leadership.

For 2022, Arendals Fossekompani was scored a ‘B’, which is the second highest score on the CDP scale.

Arendals Fossekompani Group

HEADQUARTER
ARENDAL,
NORWAY

CHAIRMAN
TROND
WESTLIE

INTERIM CEO
LARS PEDER
FENSLI

EMPLOYEES
2,200

COUNTRIES
27



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating revenue	1 336	1 195	4 563	4 232
Operating profit	87	176	432	450
Operating margin	6%	15%	9%	11%
Earnings before tax (EBT)	75	93	421	332
Earnings after tax (EAT)	-109	-23	-19	97
Operating cash flow	249	785	466	848
NIBD	-1 206	-1 805	-1 206	-1 805
Equity	3 976	3 909	3 976	3 909
Equity ratio	50%	57%	50%	57%

Currency rates (NOK/CAD). Average 2022: 7.38. Average 2021: 6.86. End Q4 2022: 7.28. End Q4 2021: 6.94.

Currency rates (NOK/GBP). Average 2022: 11.85. Average 2021: 11.83. End Q4 2022: 11.85. End Q4 2021: 11.89.

Currency rates (NOK/EUR). Average 2022: 10.10. Average 2021: 10.16. End Q4 2022: 10.51. End Q4 2021: 9.99.

Arendals Fossekompagni (AFK) is an industrial investment company holding 9 core investments and a portfolio of financial investments. These operations employ 2,200 people in 27 countries. Arendals Fossekompagni has proud traditions in power production and owns and operates two hydropower plants. In addition, AFK operates globally in many forward-looking industries including 3D printing, algo trading, satellite services, battery and solar technology, software and digitalisation, as well as various green energy technologies.

HIGHLIGHTS – Q4 2022

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

Total operating revenues for the group amounted to NOK 1,336 million (1,195 million) in the fourth quarter and NOK 4,563, million (4,232 million) for full year 2022. Consolidated earnings before tax came in at NOK 75 million (93 million) for the quarter and NOK 421 million (332 million) for full year 2022. Ordinary profit after tax, but before non-controlling interests totaled NOK -109 million (-23 million) for the quarter and for the full year 2022 NOK -19 million (97 million).

Consolidated revenues in the quarter increased by 12% from the same quarter last year, and 8% for the full year. Adjusted for AFK Property's revenue recognition of the first phase of the development project Bryggebyen in 2021, consolidated revenues grew by 23% in 2022, compared to 2021. Operating profit for the fourth quarter was NOK 87 million (176 million) and NOK 432 million (450 million) for full year 2022.

Operating profit in the quarter was negatively impacted by a restructuring provision of NOK -38 million in Evolgy related to its German operations, and by negative contributions of NOK -31 million from growth companies acquired in 2022 (IPT Technology, Ampwell and Factlines). The fourth quarter was characterized by high electricity prices and high sales activity in several of the portfolio companies.

Operating profit for the year was driven by high electricity prices and strong operating result from NSSLGlobal, offset by investments in growth, cost inflation, supply chain issues and new acquisitions.

Value reported 9% revenue growth in the fourth quarter, with the adjusted EBITDA margin increasing to 19%, compared to 18% in the corresponding quarter previous year. Value continues the transformation towards recurring revenues and Software-as-a-Service (SaaS). SaaS revenues were NOK 79 million in the quarter, an increase of 22 percent compared to the fourth quarter of 2021, representing 23 percent of total revenues. The SaaS transformation builds a strong foundation that can handle a large number of new customers, enabling further revenue growth. Recur-

ring revenue constituted 62 percent of total revenues and reached NOK 211 million in the quarter, an increase of 12 percent compared to the corresponding quarter previous year.

Value won contracts of strategic importance within the Energy and Power Grid segments during the fourth quarter, confirming Value's capabilities and position in the market.

Tekna reported 14% revenue growth in the quarter compared to the corresponding quarter previous year, driven mainly by 50% growth within the Systems segment. Materials revenue grew by 5% from the fourth quarter of 2021. The growth was negatively impacted by down-time on the machines related to the ongoing capacity upgrade qualification program.

Tekna is experiencing a strong pipeline in its Systems segment, with several contracts won during the year, including a PlasmaSonic order in excess of CAD 9 million to a leading aerospace OEM. Demand for Tekna's advanced materials is still strong. This is supported by a 64% increase in the backlog recorded end of year, compared to year-end 2021.

Tekna has taken important and immediate steps towards improving profitability and cash position. A roadmap to profitability has been drawn up, emphasizing operational

DEVELOPMENT LAST 5 QUARTERS



excellence, right-sizing of organization, prioritization of R&D and strategic focus on near term revenue opportunities.

AFK reiterates its long-term support of Tekna, and the parties have agreed on the terms for a CAD 25 million shareholder loan facility. The signing of the loan agreement is subject to consent from Tekna's existing public funding institutions.

Evolgy was formed through the combination of EFD Induction and the wireless charging solutions provider IPT Technology in May 2022. Total operating revenues increased by 17% from the fourth quarter of 2021 to NOK 388 million in 2022. Revenue growth was driven by higher activity level within Heat, as well as a smaller revenue contribution from the Charge division following the acquisition of IPT Technology. The company saw solid growth in all geographical regions in the quarter.

Operating profit in the quarter fell to NOK -29 million (31 million), negatively affected by consolidation of IPT Technology, as well as a restructuring provision related to its German operations. 12-month rolling order intake amounted EUR 157 million as per 31 December with new orders in all regions and segments, corresponding to a 22% increase year-on-year. The backlog at year-end is at an all-time high.

NSSLGlobal reports continued sales growth as well as solid order intake. Revenues during the fourth quarter grew by 5% compared to the same quarter last year, while operating profit amounted to NOK 21 million (50 million). During the fourth quarter, NSSLGlobal was able to extend several projects within both the governmental and maritime sectors, as well as winning new business. The company's long-term backlog provides stable outlook going forward.

Ampwell reported revenues of EUR 5.3 million in the fourth quarter, up from EUR 3.4 million in the third quarter. Operating profit was EUR -1.9 million in the quarter. The company is continuing to invest and grow its business, and is experiencing increased demand for its stationary storage solutions. Construction of new semi-automatic production facilities for battery modules is ongoing.

AFK Hydropower contributed with substantial revenues and operating profit in the quarter due to high electricity prices. Power generation in the quarter amounted to 135 GWh (137 GWh). The average spot price in the NO2 price area was EUR 165 /MWh (EUR 127 /MWh), lifting revenues from AFK Hydropower to NOK 232 million (171 million) and operating profit to NOK 203 million (154 million) compared to the corresponding quarter previous year.

Provision for income tax in the quarter amounted to NOK 183 million (83 million) and NOK 392 million (159 million) for full year 2022. The tax provision reflects the increased tax burden imposed on Norwegian hydropower producers during 2022. Incremental provision for income tax as a direct result

of the change, amounts to NOK 75 million for Arendals Fossekompani in 2022.

The AFK parent company's financial position remains solid. The company's cash position as at 31 December amounted to NOK 1,160 million. In addition, the company has undrawn credit facilities of NOK 1,944 million, securing net available liquidity of NOK 3,104 million per end of the quarter.

EVENTS AFTER THE CLOSE OF THE QUARTER

On 16 December, it was announced that Ørjan Svanevik was to resign as CEO of Arendals Fossekompani, and CFO Lars Peder Fensli would function as interim CEO as of 1 January 2023 until a new CEO was appointed. On 10 January 2023, it was announced that Benjamin Golding was appointed new CEO. Golding is currently Group Executive Vice President of Products and Innovation at the Norwegian bank DNB. He will assume his position at Arendals Fossekompani as soon as his job in DNB comes to an end but no later than 1 August 2023.

On 9 February 2023, the Board of Directors decided to pay an ordinary cash dividend of NOK 0.95 per share for the fourth quarter 2022. The dividend is set to be paid on 22 February.

OUTLOOK FOR 2023

There is ongoing uncertainty associated with the war in Ukraine, the tax regime for the hydropower industry, the Covid-19 pandemic, supply chain constraints, soaring inflation, rising interest rates as well as the development of energy prices. In this unpredictable environment, AFK'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.

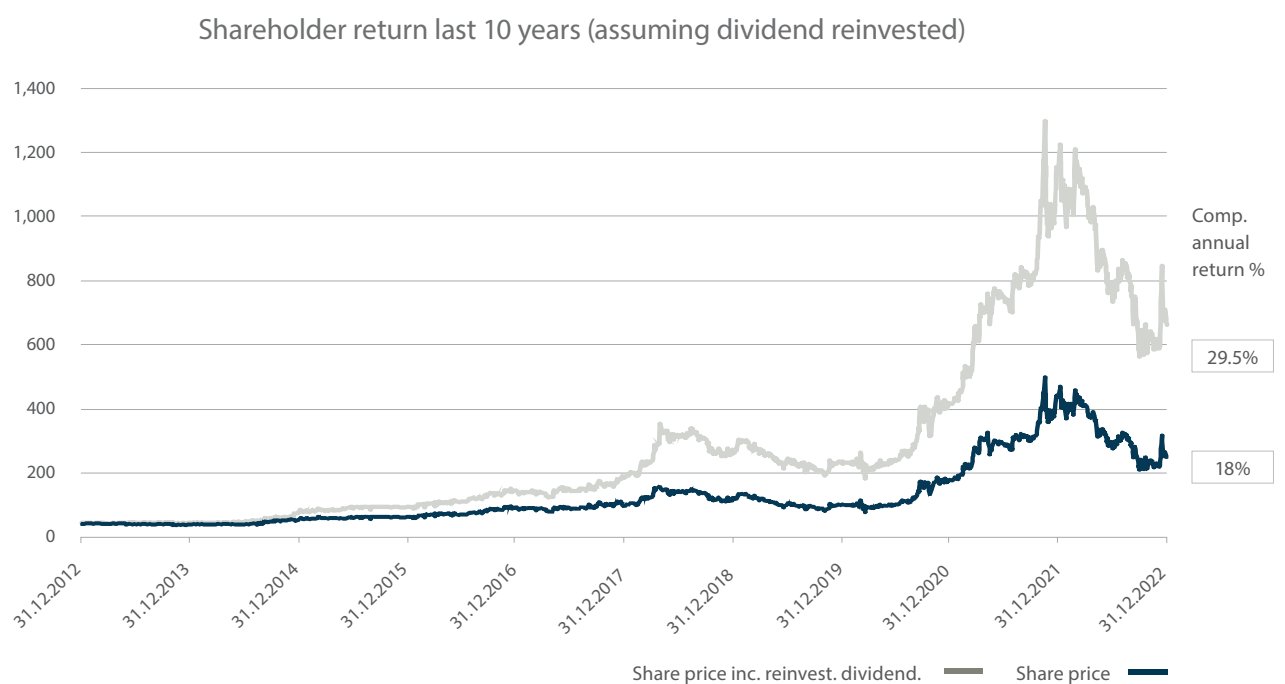
In light of the market's estimated power price trend for 2023 and forecasted production, revenues and operating profit for AFK Hydropower are expected to be lower than the record year of 2022.

Following high activity levels in all portfolio companies, somewhat offset by lower power price expectations, 2023 revenues are expected to be on par with 2022. Operating profit is expected to be lower than in 2022.

SHARE PRICE

There is a total of 55,995,250 shares in the company. The share price on 31 December 2022 was NOK 250.5, compared to NOK 445 on 31 December 2021, corresponding to a decrease of -43.7%. When including direct yield (dividend payouts) in the same period, total decrease in shareholder value was -42.0%.

Arendals Fossekompani's total market capitalization was NOK 14.0 billion at year-end. Compounded annual return to shareholders was 18.0% (29.5% including dividends), in the period December 2012 to December 2022.



Arendals Fossekompani Assets

value

AFK ownership
60 %

Market cap (31.12)
4,050 MNOK

Headquarter
Oslo, Norway

Listed at
Oslo Børs

TEKNA

AFK ownership
71 %

Market cap (31.12)
739 MNOK

Headquarter
Sherbrooke, Canada

Listed at
Oslo Børs

EVOLGY

AFK ownership
95 %

Headquarter
Skien, Norway

NSSLGlobal

AFK ownership
80 %

Headquarter
London, UK

alytic

AFK ownership
95 %

Headquarter
Arendal, Norway

ampwell

AFK ownership
100 %

Headquarter
Arendal, Norway

Arendals Fossekompagni is the majority owner of seven international portfolio companies, two Norwegian hydropower plants, and a portfolio of property projects.

Vergia

AFK ownership

100 %

Headquarter

Arendal, Norway

| Hydropower

Bøylefoss and Flatenfoss hydropower plants generate approximately 500 GWh annually. Bøylefoss became operational in 1913 and Flatenfoss in 1927.

| Property

AFK Property comprises all property related companies and property investments.

Arendals Fossekompani

Parent Company / Hydropower

HEADQUARTER
ARENDAL,
NORWAY

CHAIRMAN
TROND
WESTLIE

INTERIM CEO
LARS PEDER
FENSLI

EMPLOYEES
35

COUNTRIES
1



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating revenue	245	173	628	382
Operating profit (EBIT)	181	126	450	236
Operating margin	73%	73%	71%	62%
Net financial items	-6	-83	547	1 345
Earnings before tax (EBT)	174	43	997	1 581
Earnings after tax (EAT)	-9	-40	605	1 422
Operating cash flow	199	112	393	236
NIBD	-1 279	-950	-1 279	-950
Equity	3 028	2 872	3 028	2 872
Equity ratio	71%	79%	71%	79%

HYDROPOWER (EXTRACTED FROM AFK PARENT COMPANY FINANCIAL FIGURES), MNOK

Operating revenue	232	171	606	373
Operating profit (EBIT)	203	154	537	300
Operating margin	88%	90%	89%	80%
Earnings before tax (EBT)	203	154	537	300
Provision for income tax	190	42	380	130
Earnings after tax (EAT)	13	111	156	170

The AFK Parent Company focuses on the development of new sustainable business opportunities, follow-up of portfolio companies through long-term active ownership, hydropower generation, property projects and management of financial investments. AFK Group Management employs 21 people. The headquarter is located in Arendal. AFK Hydropower generates power at two locations in the Arendal watercourse, producing excess of 500 GWh annually.

HIGHLIGHTS OF Q4 2022

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

AFK PARENT COMPANY

The Parent Company reported revenues of NOK 245 million (173 million) in the fourth quarter and NOK 628 million (382 million) for full year 2022. Operating profit amounted to NOK 174 million (43 million) in the quarter and NOK 450 (236 million) for 2022. Net financial items consist primarily of internal and external dividends and transactions effects, currency effects, and interest costs.

Provision for income tax in the quarter amounted to NOK 183 million (83 million) and NOK 392 million (159 million) for full year 2022. The tax provision in the quarter and full year 2022 reflects the following changes in the tax regime for Norwegian hydropower producers, as presented by the Norwegian government on 28 September 2022: i) increased resource rent tax from 37% to 45% (as of 1 January 2022) and ii) high-price contribution tax of 23% on realized monthly average electricity prices above NOK 0.7/kWh (applicable from 28 September 2022). These changes result in an incremental provision for income tax amounting to NOK 75 million in 2022.

The AFK Parent Company's financial position remains solid. The company's cash position as of 31 December amounted to NOK 1,160 million. In addition, the company has undrawn credit facilities of NOK 1,944 million, securing net available liquidity of NOK 3,104 million per end of the quarter.

AFK HYDROPOWER

AFK hydropower production in the fourth quarter reached normalized levels compared to the year before. The average price

in the NO2 price area was 165 EUR/MWh (127 EUR/MWh).

The relatively lower price level, compared to the third quarter of 2022, came as a result of higher precipitation than normal, lifting the hydro reservoir levels in the south of Norway. Prices for coal, gas and CO2, saw a decline during the quarter, contributing to European power prices normalizing somewhat.

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

Power generation in the fourth quarter amounted to 135 GWh (137 GWh). Arendals Fossekompani has a defined strategy of selling hydropower production in the day-ahead (spot) market.

Precipitation and inflow in 2022 were respectively around 91% and 76% of the norm for the watercourse. The accumulated amount of snow and the reservoir levels in the watercourse were higher than normal by year-end.

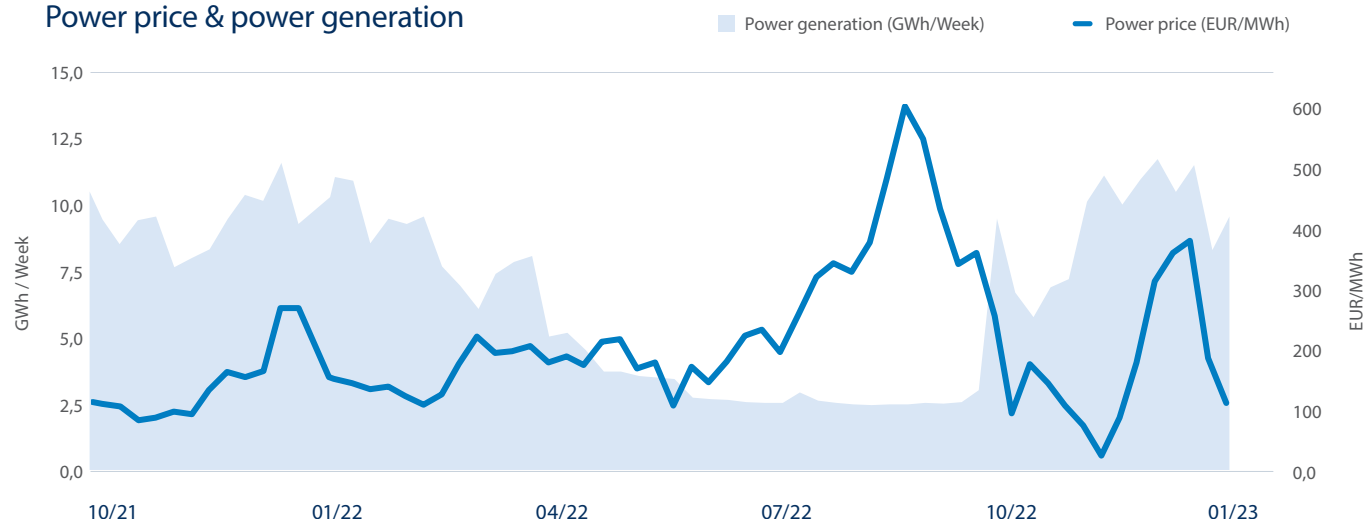
The figures below show the weekly power price (NO2) and power generation in the period 30/09/2021 – 31/12/2022:

OUTLOOK

In light of the market's estimated power price trends for 2023, water levels, and forecasted production, revenues and operating profit for AFK Hydropower are expected to be lower than in 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 depend on precipitation.

Power price & power generation



Value

Portfolio company

HEADQUARTER
OSLO,
NORWAY

CHAIRMAN
ØRJAN
SVANEVIK

CEO
TROND
STRAUME

OWNERSHIP
60 %

EMPLOYEES
750

COUNTRIES
9



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating Revenues	339	312	1 217	1 041
EBITDA	22	49	146	138
Adjusted EBITDA	64	56	203	214
Operating Profit	-4	25	40	45
Operating Margin	-1%	7%	3%	4%
Earnings before tax (EBT)	-12	18	36	40
Operating cash flow	-14	63	215	122
NIBD	-426	-382	-426	-382
Equity	820	767	820	767
Equity Ratio	44%	44%	44%	44%

* Adjusted EBITDA: In order to give a better representation of underlying performance, EBITDA is adjusted with non-recurring items. Note that adjusted EBITDA does not include estimated one-off loss revenues due to the cyber-incident in 2021 (only relevant for 2021 figures).

Value is a market leader in technologies and services that power the green transition. Based on 50 years of experience, Value provides innovative solutions, systems and insights to industries critical to society. 750 employees work with more than 2,200 customers across energy, power grid, water and infrastructure projects that ensure a sustainable, flexible and reliable future. Value operates within three segments, Energy, Power Grid, and Infrastructure. The company is active in 40+ countries.

The transformation towards recurring revenues and Software-as-a-Service (SaaS) continues. Value generated solid growth rates during the quarter. SaaS revenues were NOK 79 million in the quarter, an increase of 22 percent compared to the fourth quarter of 2021, representing 23 percent of total revenues. The SaaS transformation builds a foundation that can handle a large number of new customers, enabling further revenue growth.

HIGHLIGHTS OF Q4 2022

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

Total operating revenues in the quarter amounted to NOK 339 million (312 million). Adjusted EBITDA in the quarter totaled NOK 64 million (56 million), corresponding to an adjusted EBITDA of 19 percent (18 percent).

The Energy Segment recorded revenue growth of 12 percent from the fourth quarter in 2021 to NOK 210 million in the same quarter in 2022. The segment has a strong tailwind from volatile energy markets that drive increased demand for Value services, including trading, optimization, forecasting and analyses. In the quarter, the Energy segment won a software contract with a large German power producer, to digitalize the client's trading process. The contract confirms both Value's capabilities within the field and the European ambitions.

For the Power Grid Segment, operating revenues grew by 7% year-over-year to NOK 75 million. A contract with a large Nordic power grid operator was won in the quarter, where Value will deliver a domain application for grid planning. The deal is of strategic importance for Value and lays the foundation for similar deliveries outside the Nordics.

The Infrastructure segment generated revenues of NOK 54 million in the fourth quarter, down from NOK 55 million in the same quarter the previous year. The shift towards a SaaS business model is ongoing, with recurring revenues share in the quarter amounting to 79% (74%) and SaaS revenues to 40% (28%).

Recurring revenue constituted 62 percent of total revenues and reached NOK 211 million in the quarter, an increase of 12 percent from the fourth quarter of 2021. The company is working on several new initiatives, such as Distributed Energy Resources and new products related to optimisation and trading solutions.

Volatility in the energy markets were somewhat lower in the fourth quarter, compared to 2022 as a whole. The European energy markets are, however, still undergoing a tectonic shift leading to price increases and increased volatility. The

security of supply is ever more important. This leads to increased opportunities based on an integrated digital value chain, from sensors to executed trades, and thus the value of Value's solution.

OUTLOOK

Value continues to prioritise strategic investments in its SaaS platform and expansion into new markets. This creates short- to mid-term EBITDA impact and increased R&D capitalisation in line with plans. Measures are in place to counter margin effects, and Value will work diligently to improve profitability going forward.

The long-term ambition of NOK 2 billion in revenues, including M&A, by 2025 is maintained. The long-term target of 15% annual organic revenue growth is also maintained, with 2023 growth expected somewhat under the long-term target. The 2025-targets for Adjusted EBITDA margin are under review and for 2023 Value see Adjusted EBITDA margin improving from 2022 levels. ARR and SaaS are expected to improve in line with 2022 performance.

For 2023, Value has the following priorities and ambitions:

- Capitalize on changing energy market dynamics
- Focus on margin-improving initiatives
- Continue to grow ARR business in line with 2022 performance
- Strategic investments for international growth
- Structural growth through M&A
- Expand activities outside the Nordics

DEVELOPMENT LAST 5 QUARTERS



Tekna

Portfolio company

HEADQUARTER
SHERBROOKE,
CANADA

CHAIRMAN
DAG
TEIGLAND

CEO
LUC
DIONNE

OWNERSHIP
71 %

EMPLOYEES
204

COUNTRIES
4



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Sales	51	42	199	184
EBITDA	-32	-34	-124	-60
Adjusted EBITDA	-21	-21	-95	-32
Operating profit	-40	-53	-153	-89
Operating margin	-79%	-128%	-77%	-49%
Earnings before tax (EBT)	-39	-55	-166	-98
Operating cash flow	-12	-13	-145	-89
NIBD	-40	-215	-40	-215
Equity	389	531	389	531
Equity ratio	71%	82%	71%	82%

Currency rates (NOK/CAD). Average 2022: 7.38. Average 2021: 6.86. End Q4 2022: 7.28. End Q4 2021: 6.94.

*Adjusted EBITDA: EBITDA adjusted for costs related to the IPO and uplisting, non-recurring legal costs, and IT expenses related to the cloud software IFRS reclassification.

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. With its unique, IP-protected plasma technology, the company is well positioned in the growing market for advanced nanomaterials within the electronics and batteries industries.

In the fourth quarter of 2022, revenue increased by 14 percent compared with the same period in 2021, mainly driven by a 50% growth in Systems revenues on the back of large orders.

Tekna continues to experience strong demand for its Advanced Materials. In Q4 2022, order backlog in Materials amounted to CAD 14.1 million, up from CAD 10.2 million in Q4 2021. Total order backlog at the end of the year was CAD 25 million, a 64% increase from 2021, reflecting the growing demand for additive materials, significant wins and strong pipeline of systems projects.

Tekna has seen the Systems market rebound with several contracts awarded during the year. In October, an order in excess of CAD 9 million was confirmed to deliver PlasmaSonic equipment to a leading aerospace original equipment manufacturer, with delivery planned for early 2024. In January 2023, two more plasma system sales valued at CAD 1.6 million for delivery by end of 2023 were announced.

In January, Espen Schie was appointed Chief Financial Officer of Tekna. Schie brings long-term financial management experience and comes from the role as Vice President of Finance & Controlling at Arendals Fossekompagni.

HIGHLIGHTS OF Q4 2022

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

Total operating revenues in the fourth quarter amounted to CAD 6.8 million (6.0 million). Revenue in Materials and Systems increased 5 percent and 50 percent, respectively, from the same quarter the previous year. Full year revenues in 2022 totaled CAD 26.9 million (26.8 million). Materials revenue for the year was CAD 18.9 million (17.5 million) and Systems CAD 7.9 million (9.3 million). Materials revenue growth in the quarter was negatively impacted by down-time on the machines related to the ongoing capacity upgrade program.

Adjusted EBITDA in the fourth quarter was CAD -2.9 million (-3 million) and for full year 2022 CAD -12.8 million (-4.6 million). EBITDA was marked by costs related to capacity expansion initiatives in production and R&D efforts.

OUTLOOK

The additive manufacturing powder capacity increase program is progressing, targeting a 70% increase in production run rate to be qualified by the end of the first quarter of 2023. This is expected to be reflected in the output in Q2. Increasing capacity will translate into higher material availability, shorter delivery lead-times and increased sales, which is

synchronized with the customer roll-out plan.

Operating revenues and margins are expected to increase during 2023, supported by the strong order backlog. Increasing production and delivery of advanced materials for additive manufacturing remain top priority for the company. Three powder systems will be coming online in 2023.

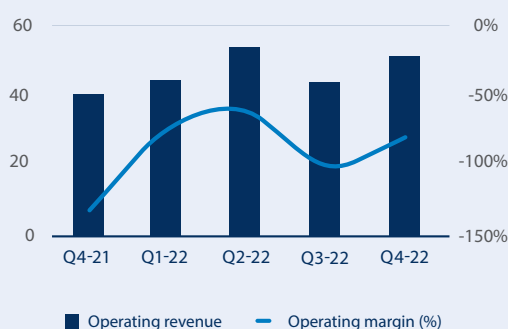
Tekna's strategy, technology and products are considered highly relevant in today's global markets, which are marked by geopolitical turmoil, economic uncertainty, an urge for sustainability and increased predictability. The company's customers are transitioning towards new technology, moving manufacturing 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% (source: Smartech 2022). Tekna will prioritize near-term revenue opportunities within additive manufacturing and microelectronics. Tekna continues dialogue with strategic partners within energy storage.

Tekna has taken important and immediate steps towards improving profitability and cash position. A roadmap to profitability has been drawn up, emphasising operational excellence, right-sizing of organisation, strict prioritisation of R&D efforts towards AM and Microelectronics and strategic focus on near term revenue opportunities.

AFK reiterates its long-term support of Tekna. AFK and Tekna have agreed on the terms for a CAD 25 million loan facility. The signing of the loan agreement is subject to consent from Tekna's existing public funding institutions.

DEVELOPMENT LAST 5 QUARTERS



NSSLGlobal

Portfolio company

HEADQUARTER
LONDON,
UK

CHAIRMAN
ARILD
NYSÆTHER

CEO
SALLY-ANNE
RAY

OWNERSHIP
80 %

EMPLOYEES
216

COUNTRIES
9



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating Revenues	253	242	1 019	907
Operating Profit	21	50	210	166
Operating Margin	8%	21%	21%	18%
Earnings before tax (EBT)	43	64	232	178
Operating cash flow	14	88	137	197
NIBD	-364	-322	-364	-322
Equity	540	458	540	458
Equity Ratio	59%	57%	59%	57%

Currency rates (NOK/GBP). Average 2022: 11.85. Average 2021: 11.83. End Q4 2022: 11.85. End Q4 2021: 11.89.

NSSLGlobal is an independent provider of cyber secure satellite 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 three main areas: Airtime, Hardware and Service. Its main customers are within the maritime segment, the military and government sector, large international corporations and the oil and gas industry.

NSSLGlobal has more than 50 years of experience in the maritime and military mobility markets. The company provides satellite solutions in partnership with some of the largest satellite operators, including Inmarsat, Iridium, Thuraya, Telesat, Eutelsat, JCSAT, Intelsat and Starlink.

Customers are supported locally via global sales and service offices, 24/7 network operations centers, teleports, and local partners. The revenue model is to a large degree based on multi-year subscription contracts, thereby securing a significant degree of recurring revenues. Its main customers are found in the maritime segment, in the military and government sector, and in the energy sector.

HIGHLIGHTS OF Q4 2022

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

Revenues for the fourth quarter were £21.2 million (£20.5 million). The growth in the quarter compared to last year, was largely due to increased airtime revenues driven by higher operational activity caused by the Ukraine conflict. In addition, expansion of maritime and government project work had a positive impact, while partly offset by delays in component/hardware deliveries.

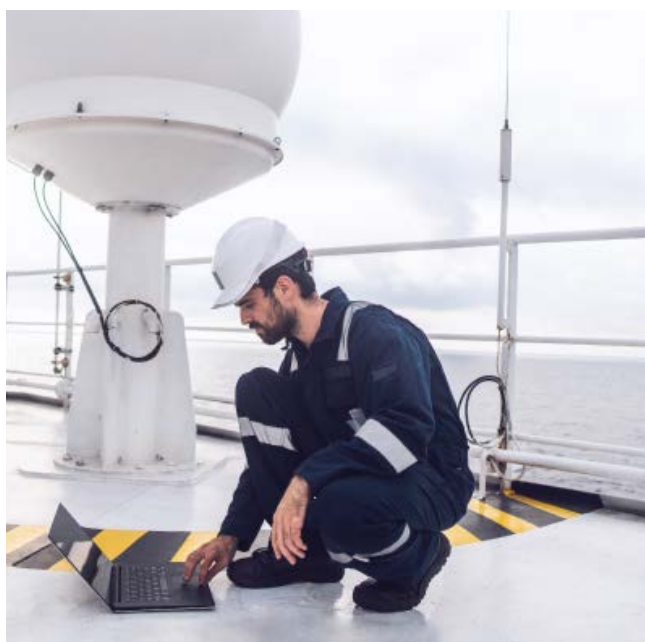
Operating profit in the quarter was £1.7 million (£4.3 million). Operating profit in the corresponding quarter in 2021 was partly driven by a contract with particularly good margins.

In the fourth quarter, NSSLGlobal won £ 37.1 million of new business, including both government contracts (largely contract extensions) and maritime contracts. One of the contracts won is a 3-year contract with Mitsui OSK LNG Transport (Europe) Ltd, for their fleet, including Fusi-onPLEo trials which will be launched by NSSLGlobal on 23 February 2022. This offering combines the best from both GEO and LEO-based satellites to provide a seamless integrated solution to the end-user.

NSSLGlobal's sales and bid pipeline remain strong, and there are several new sales opportunities across both the governmental and maritime sectors.

OUTLOOK

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



DEVELOPMENT LAST 5 QUARTERS



Evolgy

Portfolio company

HEADQUARTER
SKIEN,
NORWAY

CHAIRMAN
ØRJAN
SVANEVIK

CEO
BJØRN E.
PETERSEN

OWNERSHIP
95 %

EMPLOYEES
1,100

COUNTRIES
17



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Sales	388	331	1 338	1 171
Operating profit	-29	31	-3	83
Operating margin	-7%	9%	0%	7%
Earnings before tax (EBT)	-35	29	-20	72
Operating cash flow	147	71	58	96
NIBD	435	31	435	31
Equity	384	405	384	405
Equity ratio	22%	36%	22%	36%

Financial figures related to IPT Technology are not included in the figures for 2021.

Currency rates (NOK/EUR). Average 2022: 10.10. Average 2021: 10.16. End Q4 2022: 10.51. End Q4 2021: 9.99.

Evolgy was formed through the combination of EFD Induction and the wireless charging solutions provider IPT Technology, which was acquired by Arendals Fossekompagni in May 2022. Evolgy combines 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 Evolgy are automotive, renewable energy/wind energy, pipe fabrication, electronics, cable, and mechanical engineering. Evolgy has operations in 20 countries.

HIGHLIGHTS OF Q4 2022

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

Total operating revenues in the quarter amounted to NOK 388 million, a 17% increase from the same quarter in 2021, whereas revenue for the full year 2022 increased by 14% to NOK 1,338 million. Revenue growth was driven by higher activity level within Heat, as well as a smaller revenue contribution from the Charge division following the acquisition of IPT Technology in May 2022. The company saw solid growth in all geographical regions in the quarter.

Operating costs saw an uptick in the fourth quarter, primarily related to the accrual of a restructuring provision of NOK 38 million related to the German operations. Moreover, component cost increases and general cost inflation had a negative impact on operating costs during the year.

The reported operating profit (EBIT) was NOK -29 million in the fourth quarter, including a negative contribution of NOK 9 million from IPT Technology. Adjusted for restructuring costs, the EBIT margin was 2.4% in the fourth quarter.

Reported EBIT for the full year was NOK -3 million, including a negative contribution of NOK -22 million from IPT Technology in 2022. Adjusted for restructuring costs related to the German operations and one-time costs related to the acquisition of IPT Technology, EBIT for the full year 2022 was NOK 24 million, corresponding to an EBIT margin 1.8%.

OUTLOOK

Order intake held up well throughout the year. Total order intake for 2022 amounted to EUR 157 million, an increase of 22% from 2021. The current order backlog creates a strong fundament for continued profitable growth in 2023 and the market for heating products is still considered strong. IPT Technology opens a growing and potentially large market within wireless charging solutions, and is expected to generate long-term revenue and cost synergies to further improve the company's operational leverage.

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



DEVELOPMENT LAST 5 QUARTERS



Ampwell

Portfolio company

HEADQUARTER

ARENDAL,
NORWAY

CHARIMAN

ØRJAN
SVANEVIK

CEO

TORKIL
MOGSTAD

OWNERSHIP

100 %

EMPLOYEES

50

COUNTRIES

3



FINANCIAL FIGURES, MNOK	Q4 2022	Full Year 2022
Operating Revenues	54	106
Operating Profit	-20	-50
Operating Margin	-	-
Earnings before tax (EBT)	-25	-62
Operating cash flow	-3	-58
NIBD	373	373
Equity	30	30
Equity Ratio	61%	61%

Currency rates (NOK/EUR). Average Q4 2022: 10.01. Average Q4 2021: 10.23. End Q4 2022: 10.58. End Q4 2021: 10.17.

Ampwell was established by Arendals Fossekompagni in 2022 to build an eco-system for battery technology and a Battery-as-a-Service business model. Ampwell will accomplish this by combining hardware, software, other technologies, and dedicated competence.

ENERGY STORAGE MODULES

In April 2022, Arendals Fossekompagni acquired 54.9 per cent of Commeo, a German company specializing in energy storage and energy management solutions. Commeo provides solutions for commercial and industrial energy storage by manufacturing battery modules and rack systems, including control units and software for monitoring and data logging. An example of how Commeo systems are used is 'peak-shaving' of energy consumption, which means using energy from the battery racks during peak price periods to avoid steep tariffs charged by the energy system operators.

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.

Headquartered in Wallenhorst in Germany, Commeo employs over 50 people and reported revenues of EUR 3.5 million in 2021. The company is on a strong growth trajectory and has started the construction of a new production facility which will be one of Germany's largest.

MONITORING AND ANALYSIS

Cellect Energy S.L., a Spanish company based in Barcelona, is currently developing analysis and control software together 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.

Cellect develops agnostic solutions, which means they will be able to connect to several different batteries, independent of manufacturer and technology. Cellect was co-founded with Ampwell in 2021. Arendals Fossekompagni currently owns 40% of Cellect and is likely to reach majority ownership during the first half of 2023.

HIGHLIGHTS OF Q4 2022

Revenues for the fourth quarter were EUR 5.3 million, up from EUR 3.4 million in the third quarter. Increased production capabilities in Commeo contributed to the growth, reaching an all-time high in terms of quarterly revenue.

Operating profit in the quarter was EUR -1.9 million. The company is continuing to invest and grow its business.

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 GWh production capacity.

The demand for stationary storage, and the sales pipeline for Commeo, continues to increase.

OUTLOOK

Ampwell expects to generate strong revenue growth in 2023. EBIT is expected to improve but remain negative for the year.

Alytic

Portfolio company

HEADQUARTER
ARENDAL,
NORWAY

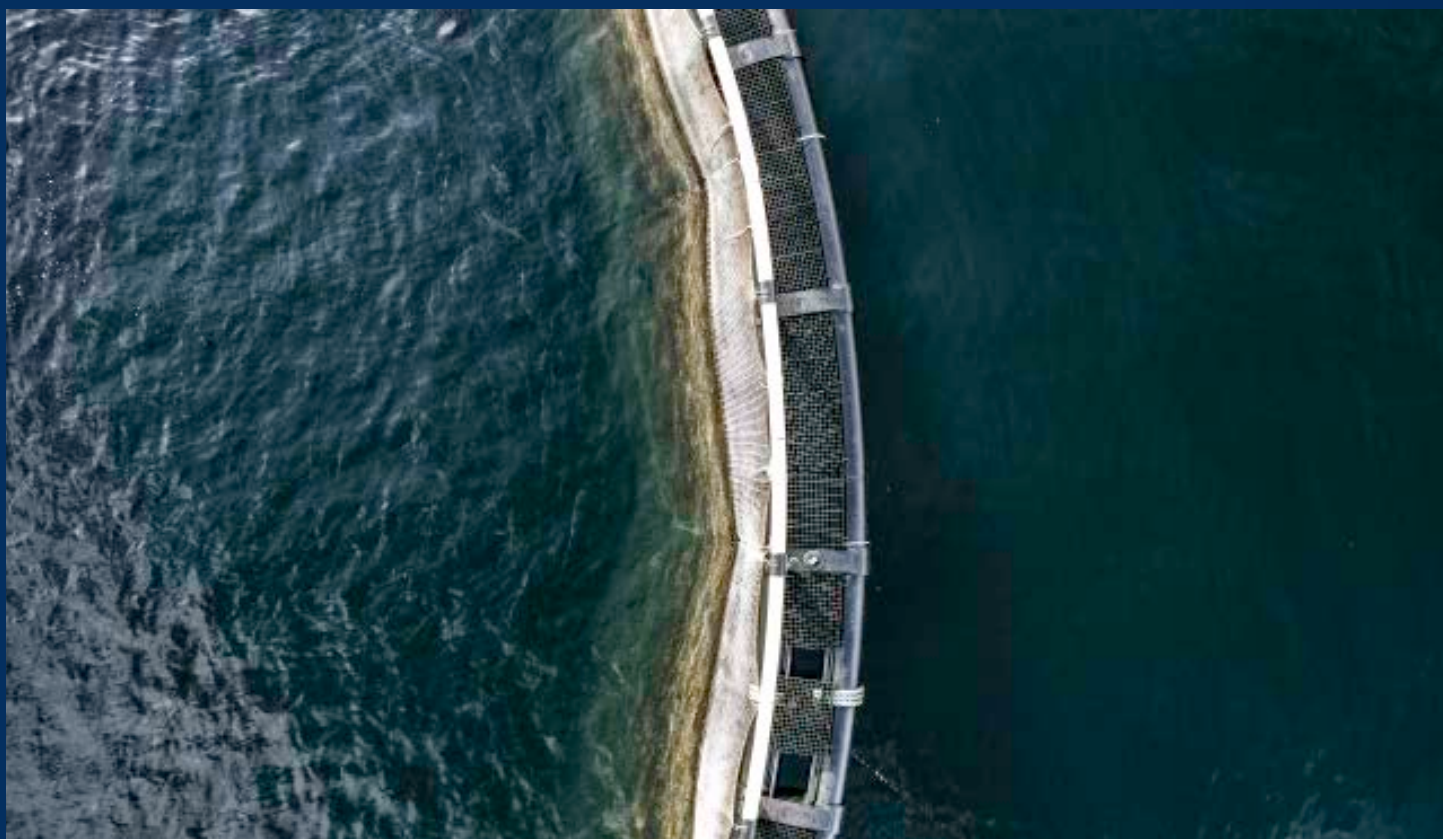
CHAIRMAN
MORTEN
HENRIKSEN

CEO
ESPEN
ZACHARIASSEN

OWNERSHIP
95 %

EMPLOYEES
72

COUNTRIES
2



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating Revenues	12	8	40	27
Operating Profit	-16	-8	-46	-16
Operating Margin	-	-	-	-
Earnings before tax (EBT)	-16	-9	-45	-16
Operating cash flow	-4	-7	-31	-12
NIBD	-45	-25	-45	-25
Equity	132	80	132	80
Equity Ratio	67%	74%	67%	74%

Alytic invests in companies with strong domain competence and actively supports them to develop and commercialize scalable and data-rich products based on a SaaS business model. Alytic was established in 2020 with key people who successfully developed Wattsight based on the same principles. Alytic has acquired four companies as a starting point for developing verticals within Aquaculture, Renewables, ESG and IoT & Cyber Security. Alytic will continue to develop the existing portfolio and to do acquisitions in existing and new verticals.

HIGHLIGHTS OF Q4 2022

Factlines onboarded several key people to their management team and have positioned their supply chain transparency product for significant growth in 2023. Greenfact has continued to strengthen their organization and develop their new global analysis platform for decarbonization instruments which will launch in Q1 2023. Kontali is experiencing strong demand and customer growth on their new seafood portal, Edge. Utel has strengthened their organization within sales and marketing and is continuing to build and test prototypes of their new telco fraud detection and prevention solution.

FACTLINES (ESG)

Alytic's ambition is to develop a European one-stop-shop for responsible supply chains, ESG reporting, and product life cycle assessments. Factlines, an Alytic portfolio company since April 2022, will scale their supply chain product in 2023 and is developing a solution for EU Taxonomy reporting scheduled to launch in Q3/Q4 2023.

During Q4, the new management team was onboarded. This has accelerated the pace of product development and growth. The newly adopted Norwegian Transparency Act has assisted Factlines in building a strong sales pipeline and Factlines has significant growth potential in the coming quarters. Factlines' main product in supply chain transparency is incrementally being improved to meet customer needs and a foundation for an EU Taxonomy reporting tool and lifecycle assessments (LCA) is being explored and prototyped.

GREENFACT (RENEWABLES)

Greenfact, an Alytic portfolio company since 2021, is a green-tech leader with strong domain competence, ongoing SaaS business and large potential for growth. After successfully onboarding its new CEO in Q3, and the hiring and onboarding of key analysts and sales professionals during Q4, Greenfact has been preparing for significant scale in 2023. Greenfact is on track to launch their new platform in Q1 2023, which will provide the highest levels of renewables (EAC) and carbon market intelligence, including thought leadership on the EU carbon market, as well as the voluntary carbon and US, South-Korean and Chinese emission trading systems.

During 2023, Greenfact aims to continue developing its net-zero analytics product and grow a global customer base.

KONTALI (AQUACULTURE)

Kontali, an Alytic portfolio company since late 2020, has served as the leading market research and analytics provider for the seafood sector since the early 90s. Since being acquired by Alytic, Kontali has been on a digital transformation journey developing a new app called Kontali Edge. The solution will provide subscribing customers with exclusive access to Kontali's data, forecasts, and analytics.

A beta version of Edge was launched in Q3, and a full version was made available to customers in Q4. Kontali is experiencing strong demand and growth in recurring revenues. The platform is undergoing continuous rapid development with the aim of having several new features and analytical tools available by Q1 2023. This will also include insights from the existing Kontali reports and current subscribers will be migrated to Edge. Kontali will continue to invest and develop Edge to be the leading portal for seafood professionals - and expects strong growth in subscribing customers in 2023.

UTEL (IOT & CYBER SECURITY)

Utel, an Alytic portfolio company since 2021, is a leading provider of services for network monitoring, analysis, and anomaly detection serving a global array of telecom carriers and fixed and mobile network operators. Since joining the Alytic portfolio, Utel has focused on building go-to-market, AI and UX capabilities. Utel onboarded a new sales and marketing manager in Q4 with a strong outbound focus. Utel has in Q4 continued the development and testing of prototypes of a general anomaly detection solution, with a particular focus on telco fraud. Development continues in Q1 2023 in close collaboration with key customers.

With a strong pipeline and a modernized product portfolio Utel expects strong revenue growth in 2023.

OUTLOOK

Alytic portfolio companies are still in a strong investment phase building new organizations, improving existing products, and developing new product areas. All companies are expected to launch new products and grow revenues in 2023, while operating profit is expected to remain negative.

Vergia

Portfolio company

HEADQUARTER

ARENDAL,
NORWAY

CHARIMAN

ØRJAN
SVANEVIK

CEO

MORTEN
HENRIKSEN

OWNERSHIP

100 %

EMPLOYEES

11

COUNTRIES

1



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating Revenues	1		1	
Operating Profit	-2	0	-7	0
Operating Margin	-	-	-	-
Earnings before tax (EBT)	-8	-1	-19	-2
Operating cash flow	-5	0	-7	0
NIBD	5	-10	5	-10
Equity	9	18	9	18
Equity Ratio	27%	100%	27%	100%

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. The Vergia ecosystem includes verticals such as small-scale hydropower, energy parks, power-to-x, solar, offshore wind, green fuel, and carbon capture. 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. Seagust and Swedish energy major Vattenfall have joined forces with the intention to bid on two areas in the upcoming Norwegian offshore wind licensing round.

AMMONIA

Vergia and Grieg Maritime Group have joined forces to create a world-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 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. World-class technology, engineering and maritime cooperation partners are in place to develop the project and production facility. Production is expected to start in 2025.

SMALL-SCALE HYDROPOWER

Demand for electricity is expected to grow significantly in years to come, due to electrification of the transportation and industry sectors, increased household consumption and interconnectors between the Nordics and Europe. Vergia has two small-scale hydropower development projects; Kilandsfoss and Glomsdam, which can contribute with an annual production of 40 and 7.3 GWh respectively.

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. Hydepont 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, Hydepont 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.

AFK Property

Part of Arendals Fossekompani

HEADQUARTER
ARENDAL,
NORWAY

CHAIRMAN
TORKIL
MOGSTAD

CEO
TOM KRUSCHE
PEDERSEN

OWNERSHIP
100 %

EMPLOYEES
1

COUNTRIES
1



FINANCIAL FIGURES, MNOK	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating Revenues	4	72	35	510
Operating Profit	-3	7	-7	27
Operating Margin	-63%	10%	-19%	5%
Earnings before tax (EBT)	-4	6	-10	25
Operating cash flow	-19	475	-41	309
NIBD	135	68	135	68
Equity	206	215	206	215
Equity Ratio	47%	46%	47%	46%

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

BRYGGEBYEN

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

The first and second stage of the development was concluded in 2021 and all 113 apartments were sold before year-end 2021. Not only was this the largest residential project in the region that year, but it also had the quickest sell-out time, demonstrating the attractiveness of the Bryggebyen area. To satisfy the market's desire to be part of Bryggebyen, AFK made the decision in October 2021 to initiate phase 3 of the Bryggebyen project, thereby adding 48 new apartments. These went on sale in the second quarter of 2022, and 41 were sold as of 31 December 2022. AFK also plans to build an indoor water park in the area. The municipality of Arendal has signed a long-term rental agreement with the water park. A final decision to build the park will be made in March/April 2023.

ARENDAL AIRPORT & PROPERTY GULLKNAPP

AFK Property is the majority owner of this property which comprises a relatively new airport facility as well as an attractive area of 200,000 sqm. The main user of the airport facility is OSM Aviation Academy which runs a pilot school at 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.

The significant size of the property, combined with direct access to the high voltage grid, has made the property attractive for industrial players, including those drawn to Arendal in connection with Morrow Batteries' plan for establishing a giga-factory for battery cell production. Gullknapp is located about 15 kilometers north of Arendal and therefore in close vicinity to both the new E18 highway

and the Port of Arendal. Having its own airport facility is of course also an advantage. Real estate areas for industrial use are becoming scarce around Arendal, and Gullknapp is highly relevant for power and transportation intensive industries such as battery-related production of cells, electrodes and electrode materials, as well as hydrogen and ammonia production to support the transition into a sustainable future.

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 Evolgy 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.

LONGUM PROPERTY

AFK Property has acquired 170,000 sqm of mostly commercial land located outside the city of Arendal. The property is close to the E18 highway on route to the main production site of the coming Morrow Batteries factory. The land is also in the vicinity of Bedriftsveien 17, which is also in the portfolio of AFK property.

BEDRIFTSVEIEN 17

The commercial property Bedriftsveien 17 has been part of AFK since 2015. 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. Bedriftsveien 17 is located in the middle of the emerging commercial area Krøgenes, 3 kilometers east of down-town Arendal. The area has grown in attractiveness with a new feed-in road to the new E18 highway recently completed.

Shareholder information

Outlook

SHARES AND SHAREHOLDERS

There are a total of 55,995,250 shares in the company. As of 31 December, a total of 1,118,319 were treasury shares. The share price on 30 September was NOK 223.0 and on 31 December NOK 250.5.

RISK AND UNCERTAINTIES

Arendals Fossekompani 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 2021.

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 and positioning within attractive megatrends, 2023 revenues for AFK group are expected to be on par with 2022. However, operating profit is expected to be lower than 2022 due to reduced earnings from AFK Hydropower because of lower estimated price trend. Note that there is uncertainty associated with the war in Ukraine, the Covid-19 pandemic, supply chain constraints, soaring inflation, rising interest rates, the development of energy prices, and tax regulations for the Norwegian hydropower industry.

AFK HYDROPOWER

In light of the market's estimated power price trend for 2023, revenues and operating profit for AFK Hydropower are expected to be lower than in 2022. Net cash generated from hydropower production will also be impacted by the increase in resource rent tax from 37% to 45% (effective as of 1 January 2022), as well as 'high-price contribution' tax on electricity prices in excess of NOK 0.70 per kWh (effective

as of 28 September 2022). These taxes were presented by the Norwegian government on 28 September 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.

VALUE

Value revenues are expected to be on par with 2022, while operating profit for 2023 is expected to be higher than in 2022.

TEKNA

Tekna expects 2023 revenues and operating profit 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.

EVOLGY

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

AMPWELL

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

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

Froland, 9 February 2023

The Board of Directors, Arendals Fossekompani ASA



Consolidated statement of profit or loss

Amounts in MNOK		2022	2022	2021	2022	2021
	Note	Q4	Q3	Q4	Full year	Full year
Continuing operations						
Sales revenues	8	1 329	1 110	1 176	4 543	4 196
Other Income		7	4	19	20	36
Total revenues		1 336	1 114	1 195	4 563	4 232
Cost of sales		396	361	359	1 396	1 585
Staff cost		512	387	402	1 684	1 422
Other operating cost		259	164	188	755	539
Total operating cost		1 166	911	949	3 835	3 546
EBITDA		170	203	246	728	686
Depreciation		47	48	41	186	171
Amortisation		27	27	23	101	58
Impairment loss from PPE	3	0	0	-	0	1
Impairment loss from intangible assets	3	9	-	6	9	6
Operating profit		87	127	176	432	450
Finance income		35	24	3	111	47
Finance cost		25	18	82	82	153
Net financial items		10	6	-79	30	-106
Income from associated companies	6	-21	-11	-4	-41	-12
Profit before income tax		75	122	93	421	332
Provision for income tax	5	184	91	116	440	235
Profit for the period, continuing operations		-109	31	-23	-19	97
Profit (-loss) from discontinued operations	7				-	29
Profit for the period		-109	31	-23	-19	126
Attributable to:						
Minority interest income		-28	-1	-1	-32	19
Equity holders of the parent		-82	32	-22	13	107
Basic/diluted earnings per share (NOK)		-1,99	0,57	-0,41	-0,34	2,29
Statement of comprehensive income						
Profit for the period		-109	31	-23	-19	126
FX differences on translation of foreign operations		-82	34	257	53	-65
Change on Cash flow hedges		-15	19	2	9	-4
Tax on OCI that may be reclassified to P&L		1	-1	-0	2	1
OCI that may be reclassified to P&L		-96	53	258	64	-67
Change in financial assets at fair value through OCI		1	-5	1	-3	95
Actuarial gains and losses		-3	0	6	-2	6
Tax on OCI that will not be reclassified to P&L		1	-	-1	1	-1
OCI that will not be reclassified to P&L		-1	-5	5	-5	100
OCI from discontinued operations		-	-	0	-	2
Total Other Comprehensive Income (OCI)		-97	48	264	59	34
Total Comprehensive Income		-206	79	241	40	160
Attributable to:						
Minority Interest		-42	6	-4	-19	3
Equity holders of the parent		-164	73	245	59	156
Total Comprehensive Income per share (NOK)		-3,76	1,44	4,39	0,73	2,91

Consolidated balance sheet

Amounts in MNOK		2022	2022	2021
	Note	Q4	Q3	Full year
Assets				
Fixed assets		1 092	1 024	939
Intangible assets and goodwill		1 923	1 903	1 092
Investment in associated companies	6	37	35	17
Net pension assets		25	29	28
Non-current receivables and investments		263	227	264
Deferred tax assets		103	86	92
Non-current assets		3 442	3 304	2 432
Inventories		845	779	502
Contract assets		153	229	151
Total receivables		1 225	1 090	1 018
Cash and cash equivalents		2 333	2 305	2 708
Derivatives - current assets:		10	23	11
Financial assets at fair value through OCI		12	11	15
Current assets		4 579	4 437	4 406
Total assets		8 021	7 741	6 838
Equity and liabilities				
Common stock		224	224	224
Other paid in capital		22	21	10
Own shares		-110	-78	-63
Other reserves		10	92	-47
Retained earnings		3 162	3 290	3 240
Owner's equity		3 307	3 549	3 364
Minority Interest		669	694	545
Total equity	9	3 976	4 243	3 909
Bond		498	497	497
Non-current borrowings		368	375	169
Employee benefits		24	25	25
Provisions		23	31	31
Deferred taxes		63	67	53
RoU liabilities, non-current		202	140	142
Non-current liabilities		1 178	1 136	917
Interest-bearing current borrowings		166	220	122
Bank overdraft		97	73	114
Derivatives - current liabilities		9	32	4
Accounts payable		1 004	682	754
Payable income tax		450	225	187
Contract liabilities		247	288	167
RoU-liabilities, current		62	56	64
Other current liabilities		832	786	600
Current liabilities		2 867	2 362	2 012
Total liabilities and equity		8 021	7 741	6 838

Consolidated statement of cash flows

Amounts in MNOK		2022	2021
	Note	Full Year	Full Year
Cash flow from operating activities			
Profit for the period, continuing operations		-19	97
Adjusted for			
Depreciation, Impairment and Amortization		296	247
Net financial items		-29	106
Equity company income		41	3
Tax expense		440	235
Total after adjustments to net income		728	687
Change in Inventories		-276	176
Change in trade and other receivables		-188	-279
Change in trade and other payables		215	154
Change in other current assets		-16	9
Change in other current liabilities		202	172
Change in other provisions		-7	-25
Change in employee benefits		-2	-8
Total after adjustments to net assets		656	885
Tax paid		-191	-38
Net cash from operating activities	A	466	848
Cash flow from investing activities			
Interest received etc.		48	17
Dividends received		3	3
Proceeds from sales of PPE		4	5
Purchase of PPE and intangible assets		-359	-253
Purchase of financial assets at fair value		-	-9
Proceed from sale of financial assets at fair value		0	834
Purchase of other investments		-49	-65
Proceed from sale of other investments		11	24
Purchase of shares in subsidiaries		-287	-27
Proceeds from the sales of shares in subsidiaries		6	1 190
Net cash from investing activities	B	-622	1 719
Cash flow from financing activities			
Equity payments from/to non controlling interests		13	714
New long-term borrowings		157	486
Repayment of long-term borrowings		-165	-705
Cash Flow from Payment of loans		-7	-1
Cash Flow from Net change in current interest bearing debt		46	-95
Interest paid etc.		-65	-68
Dividend paid		-231	-1 806
Cash Flow from Own Shares		-35	-8
Net cash from financing activities	C	-287	-1 482
Cash Flow	A+B+C	-444	1 085
Opening Balance for Cash asset		2 708	1 688
Total effect from FX on non-Cash accounts		68	-65
Closing Balance for Cash asset		2 333	2 708

Profit or loss Parent Company

Amounts in MNOK		2022	2022	2021	2022	2021
	Note	Q4	Q3	Q4	Full year	Full year
Sales revenue		231	124	169	605	371
Other income		14	2	3	23	12
Operating revenues		245	125	173	628	382
Cost of sales		0	-4	2	-10	2
Staff cost		28	19	15	78	66
Other operating cost		32	17	26	96	65
Operating expense		61	32	43	165	134
EBITDA		184	94	129	463	249
Depreciation		3	3	3	12	11
Amortisation		0	0	0	2	2
Operating profit		181	90	126	450	236
Finance income	10	17	24	6	601	1 471
Finance cost		23	15	89	55	125
Net financial items		-6	9	-83	547	1 345
Profit before taxes		174	99	43	997	1 581
Provision for income tax		183	64	83	392	159
Profit for the period		-9	35	-40	605	1 422
Attributable to:						
Equity holders of the parent		-9	35	-40	605	1 422
Basic/diluted earnings per share (NOK)		-0,05	0,63	-0,73	11,15	25,90
Statement of comprehensive income						
Profit for the period		-9	35	-40	605	1 422
Change in financial assets at fair value through OCI		1	-5	1	-3	95
Actuarial gains and Losses		-3	-	3	-3	3
Tax on OCI that will not be reclassified to P&L		1	-	-1	1	-1
OCI that will not be reclassified to P&L		-1	-5	3	-5	97
Total Other Comprehensive Income (OCI)		-1	-5	3	-5	97
Total Comprehensive Income		-10	30	-37	608	1 519
Attributable to:						
Equity holders of the parent		-10	30	-37	608	1 519
Total Comprehensive Income per share (NOK)		-0,19	0,54	-0,68	11,09	27,67

Balance sheet Parent Company

Amount in MNOK		2022	2022	2021
	Note	Q4	Q3	Full year
Assets				
Fixed assets		229	174	170
Intangible assets and goodwill		9	9	11
Investment in associated companies	6	24	26	-
Investment in subsidiaries		1 752	1 724	1 628
Intra-group loans		321	349	5
Net pension assets		12	14	14
Non-current receivables and investments		171	133	174
Deferred tax assets		47	27	42
Non-current assets		2 557	2 457	2 043
Total receivables		508	457	159
Cash and cash equivalents		1 160	1 116	1 411
Financial assets at fair value through OCI		12	11	15
Current assets		1 680	1 584	1 585
Total assets		4 238	4 041	3 629
Equity and liabilities				
Common stock		224	224	224
Other paid in capital		22	21	10
Own shares		-110	-78	-63
Other reserves		-3	-3	1
Retained earnings		2 894	2 957	2 700
Owner's equity		3 028	3 121	2 872
Total equity		3 028	3 121	2 872
Bond		498	497	497
Non-current borrowings		153	154	-
Employee benefits		6	7	7
Provisions		2	10	10
RoU liabilities, non-current		57	13	15
Non-current liabilities		716	681	529
Accounts payable		67	43	52
Payable income tax		375	137	112
Current interest-bearing liabilities, IC		17	36	36
RoU-liabilities, current		5	4	4
Other current liabilities		31	20	24
Current liabilities		494	239	228
Total liabilities and equity		4 238	4 041	3 629

Statement of cash flows Parent Company

Amount in MNOK		2022	2021
	Note	Full Year	Full Year
Cash flow from operating activities			
Profit for the period, continuing operations		611	1 422
Adjusted for			
Depreciation, Impairment and Amortization		13	13
Net financial items		-554	-1 345
Gain/Loss from sales of assets		-1	-0
Tax expense		392	159
Total after adjustments to net income		463	248
Change in trade and other receivables		3	-32
Change in trade and other payables		16	32
Cash flow from Internal Accounts Payable and Receivable		26	-45
Change in other current assets		-	20
Change in other current liabilities		7	11
Change in other provisions		-8	-
Change in employee benefits		-2	-2
Total after adjustments to net assets		505	233
Tax paid		-112	3
Net cash from operating activities	A	393	236
Cash flow from investing activities			
Interest received etc.		46	12
Dividends received		97	87
Purchase of PPE and intangible assets		-24	-8
Purchase of financial assets at fair value		-	-9
Proceed from sale of financial assets at fair value		0	824
Purchase of other investments		-44	-51
Purchase of shares in subsidiaries		-92	-47
Proceeds from the sales of shares in subsidiaries		6	1 334
Net cash from investing activities	B	-10	2 177
Cash flow from financing activities			
New long-term borrowings		148	497
Repayment of long-term borrowings		-4	-631
Cash Flow from Internal Loans and Borrowings		-514	183
Interest paid etc.		-34	-43
Group Contribution Received / Paid		12	-
Dividend paid		-206	-1 776
Cash Flow from Own Shares		-35	3
Net cash from financing activities	C	-634	-1 767
Cash Flow	A+B+C	-251	646
Opening Balance for Cash asset		1 411	766
Closing Balance for Cash asset		1 160	1 411

Notes to interim report for Q4 2022

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 2021.

Note 2 Key accounting policies

The accounting policies for 2021 are described in the Annual Report for 2021. 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 2021. The same policies have been applied in the preparation of the interim financial statements as at 31 December 2022.

New standards effective from 1 January 2022 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. Estimated costs of the restructuring of EFD Group's operation in Germany are calculated up to approximately MNOK 38 and recognized as operating costs in the fourth quarter.

Estimated costs of deferred consideration regarding the acquisition of Likron GmbH are calculated up to MNOK 21 and recognized as staff cost in the fourth quarter.

Note 4 Related party transactions

Disclosures concerning related party transactions are given in the company's Annual Report for 2021, Note 24. Total gain on MNOK 1.042 in 2021 and MNOK 326 in 2022 is eliminated in consolidated profit or loss but is shown as paid-in capital in Note 7 Equity.

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. The new resource rent tax has increased the provision for income tax by MNOK 41 for the year. The new high-price contribution has increased the provision for income tax by MNOK 34 for the quarter and the year. Total increased tax burden for 2022 due to new tax regulations is MNOK 75.

Note 6 Investment in associates

As a result of the financial restructuring of NorSun AS, finalized in August, the investment in NorSun AS has been reclassified as an investment in associate as of 1 July 2022.

Note 7 Sale of subsidiary

Amount in MNOK

SALE OF COGEN ENERGIA ESPANA IN 2021

In July 2021 Arendals Fossekompagni sold its 100% shareholding in Cogen Energia Espana. Consequently, the company's financial figures have been recognised on separate lines in the income statement as discontinued operations and in the balance sheet as assets held for sale.

The gain on disposal of Cogen of MNOK 21 is included in "Profit/loss from discontinued operations".

Cogen's key figures relating to the income statement and balance sheet for 2021 are presented below.

	2021
	Full year
Operating revenues and operating costs	
Operating revenue	281
Operating expense	262
Depreciation	9
Operating profit	9
Net financial items	-2
Profit before taxes	8
Provision for income tax	
Net income from discontinued operations	8
Profit from the sale of Cogen Energia Espana	21
Net discontinued operations income (after tax)	29
Basic/diluted earnings per share (NOK)	0,53

Note 8 Segment reporting per 31.12

Amount in MNOK

	ADMINISTRATION		ENERGY SALES		VOLUE		NSSLGLOBAL		EVOLGY	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total sales at a point in time	-	-	605	371	234	184	1 017	907	709	563
Total sales over time	-	-	-	-	981	855	-	-	629	608
Total other Income	23	9	1	3	4	22	2	-	6	8
Operating revenue	23	9	606	373	1 219	1 061	1 019	907	1 345	1 179
Operating expense	105	69	61	65	1 073	923	765	699	1 270	1 036
Depreciation, amortization, impairment	5	3	8	10	106	93	44	43	78	60
Operating profit	-87	-63	537	298	40	45	210	166	-3	83
Equity company income	-	-	-	-	-	-	-	-	-	-
Net financial items	554	1 345	-	-	-4	-6	22	12	-17	-11
Provision for income tax	11	30	381	130	9	12	48	36	14	20
Continuing operations income	455	1 253	156	169	27	28	184	142	-34	52
Total assets	4 023	3 390	223	238	1 865	1 746	915	801	1 765	1 141
Total liabilities	764	586	447	171	1 045	979	375	343	1 381	736
Net interest bearing debt	-1 279	-950	-	-	-426	-382	-364	-322	435	31

	TEKNA		ALYTIC		PROPERTY		VERGIA		AMPWELL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total sales at a point in time	152	120	39	27	24	500	1	-	105	-
Total sales over time	46	61	-	-	-	-	-	-	-	-
Total other Income	6	6	1	0	12	10	-	-	1	-
Operating revenue	204	187	40	27	35	510	1	-	106	-
Operating expense	328	247	81	39	29	470	8	0	142	-
Depreciation, amortization, impairment	29	29	5	3	13	13	-	-	15	-
Operating profit	-153	-89	-46	-16	-7	27	-7	-0	-50	-
Equity company income	-11	-10	-	-	-	-	-11	-2	-2	-
Net financial items	-2	1	0	-0	-3	-2	-0	-	-10	-
Provision for income tax	1	-1	-3	-1	-0	8	-	-	-1	-
Continuing operations income	-167	-98	-43	-15	-9	17	-19	-2	-61	-
Total assets	549	644	197	108	442	471	33	18	524	-
Total liabilities	160	113	64	28	236	256	24	0	493	-
Net interest bearing debt	-40	-215	-45	-25	135	68	5	-10	373	-

Note 8 Segment reporting per 31.12

Amount in MNOK

	ELIMINATIONS		TOTAL	
	2022	2021	2022	2021
Total sales at a point in time	0	0	2 886	2 673
Total sales over time	-	-	1 656	1 524
Total other Income	-35	-21	20	36
Operating revenue	-35	-21	4 563	4 232
Operating expense	-26	-12	3 835	3 535
Depreciation, amortization, impairment	-8	-8	296	247
Operating profit	-1	-2	432	450
Equity company income	-16	-	-41	-12
Net financial items	-511	-1 446	30	-106
Provision for income tax	-21	0	440	235
Continuing operations income	-507	-1 448	-19	97
Total assets	-2 515	-1 719	8 021	6 838
Total liabilities	-947	-282	4 045	2 929
Net interest bearing debt	-0	0	-1 206	-1 805

Note 9 Consolidated statement of changes in equity

Amount in MNOK

	Common stock	Other paid in capital	Own shares	Other reserves	Retained earnings	Owner's equity	Minority Interest	Total equity
2021								
Opening balance at 01.01	224	8	-64	704	2 681	3 553	303	3 856
Net Profit for the Period	-	-	-	-	106	106	20	126
Total Other Comprehensive Income (OCI)	-0	-	-	46	5	51	-17	34
Own shares	-	2	1	-	-11	-7	-3	-11
Gain from sale of shares in subsidiaries	-	-	-	-	1 283	1 283	-	1 283
Realization of financial asset at fair value through OCI	-	-	-	-798	798	-	-	-
Other changes subsidiaries	-	-	-	0	156	156	271	428
Dividends paid	-	-	-	-	-1 778	-1 778	-29	-1 807
Closing balance at 31.12	224	10	-63	-47	3 240	3 364	546	3 909
2022								
Opening balance at 01.01	224	10	-63	-47	3 240	3 364	546	3 909
Net Profit for the Period	-	-	-	-	16	16	-34	-19
Total Other Comprehensive Income (OCI)	-	0	-	47	-3	44	15	59
Own shares	-	12	-47	-	-1	-37	-1	-37
Gain from sale / dividend in kind of shares in subsidiaries	-	-	-	-	325	325	-	325
Other changes subsidiaries	0	0	-	10	-4	7	167	174
Dividends paid	-	-	-	-	-411	-411	-24	-435
Closing balance at 31.12	224	22	-110	10	3 162	3 307	669	3 977

Note 10 Finance income, Parent Company

Amount in MNOK

	2022	2021
	Full Year	Full Year
Interest income, I/C	15	4
Interest income	25	8
Currency exchange income	40	
Gain on partial sale of subsidiaries	163	1052
Gain on dividend in kind of shares in subsidiaries	163	239
Dividend income	3	3
Dividend income I/C	193	84
Total	601	1471

Alternative Performance Measures

Value ASA and Tekna Holding ASA present alternative performance measures as supplement to measures regulated by IFRS. The alternative performance measures are presented to provide a better insight and understanding of operations, financial positions and the basis for future developments.

THE DEFINITIONS OF THESE MEASURES ARE AS FOLLOWS:

Value:

Adjusted EBITDA: In order to give a better representation of underlying performance, EBITDA is adjusted with non-recurring items. Note that adjusted EBITDA does not include estimated one-off loss revenues due to the cyber-incident in 2021 (only relevant for 2021 figures).

ARR: Annual Recurring Revenues is defined as revenues from recurring contracts including Software-as-a-Service.

SaaS: Software-as-a-Service. SaaS revenues are defined as revenues from software hosted by Value and distributed through web applications.

Tekna:

Adjusted EBITDA: EBITDA adjusted for costs related to the IPO and uplisting, non-recurring legal costs, and IT expenses related to the cloud software IFRS reclassification.

