

Presentation of Q2 and Half-year Interim Report 2023

18 August 2023

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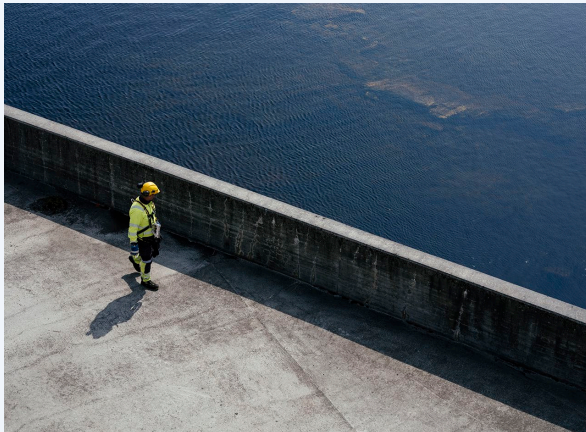
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Highlights Q2 2023



32% increase in revenue

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



NOK 1.00

Dividend to be paid in August

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



Lower electricity prices, higher production

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

value

Enerim Oy acquisition completed

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



Another record for Tekna

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



ENRX

Charge while driving

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

Portfolio

Digitalization & Big Data Analytics

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

volue

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



AFK ownership 80%	Head office London, UK
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alytic

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

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



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



AFK ownership 95%	Head office Skien, Norway
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Green Energy

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



AFK ownership 100%	Head office Arendal, Norway
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Property

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



AFK ownership 100%	Head office Arendal, Norway
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value

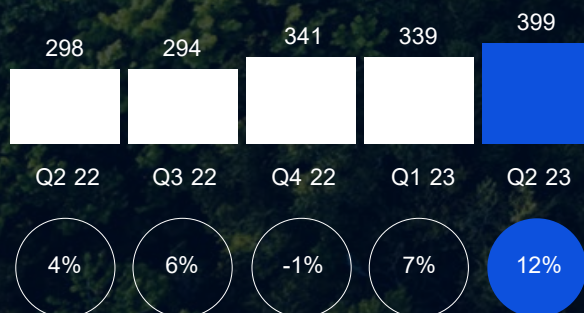
AFK ownership
60%

Head office
Oslo, Norway

Market cap (30.06)
2,298 MNOK

Listed at
Oslo Børs

Development last 5 quarters
Revenue and other income* (MNOK) and operating margin



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



Q2 update - solid growth and margin expansion

- Operating revenues in the quarter amounted to NOK 375 million (298 million). Adjusted EBITDA in the quarter totaled NOK 63 million (44 million), corresponding to an **adjusted EBITDA-margin of 17%** (15%).
- Recurring revenue constituted 62% of total revenues and reached NOK 234 million in the quarter, an increase of 27% from the second quarter of 2022.
- SaaS revenues** were NOK 98 million in the quarter, an increase of 43% compared to the second quarter of 2022.
- Value made its **biggest acquisition to date** when acquiring Enerim Oy's Energy Market Services division, creating the undisputed Nordic market leader in the space of Portfolio-Management-as-a-Service.
- Value continues to prioritize strategic investments in its SaaS platform and expansion into new markets.
- Guiding:** Long-term guidance reiterated from Q1
 - Annual long-term organic growth of 15%.
 - NOK 2 billion in revenues in 2025 (incl. M&A).
 - Year-by-year increase of adjusted EBITDA margin, cash conversion and share of ARR and SaaS revenues.

Enerim acquisition positions Value to become #1

Acquisition of Enerim Oy's Energy Market Services division



Value Market Services



Value Trading advisory



Enerim Energy Market Services Division

Value now positioned as first mover with proven service, underpinned by battle proven software platform tailored at new asset owners.

Value is ready to capture the vast opportunity of 400GW intermittent renewables being brought online by 2030 from new asset owners.

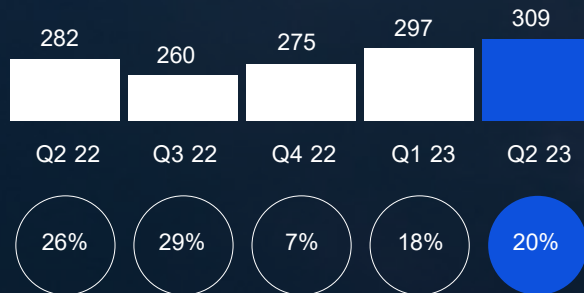
The combined entity will be a market leader for digital services in renewables, positioned to be leading player in Europe by 2030.



AFK ownership
80%

Head office
London, UK

Development last 5 quarters
Revenue (MNOK) and operating margin



Q2 update – continued strong results and pipeline

- Revenues in the quarter were GBP 22.9 million (GBP 23.9 million) and EBIT was GBP 4.6 million (GBP 6.3 million).
- **Reduction in revenues and operating profit** from Q2 in 2022 was a result of lower airtime revenues, with comparably higher margin, as well as lower equipment invoicing.
- **Continued strong results** are supported by NSSLGlobal's solid customer base, competitive technology and service driven organization.
- During the second quarter, NSSLGlobal **won GBP 16.3 million of new business**, of which a significant portion are either maritime or governmental project and systems work.
- NSSLGlobal's sales and **pipeline continues to be strong** across both governmental and maritime sectors.



AFK ownership
95%

Head office
Arendal, Norway

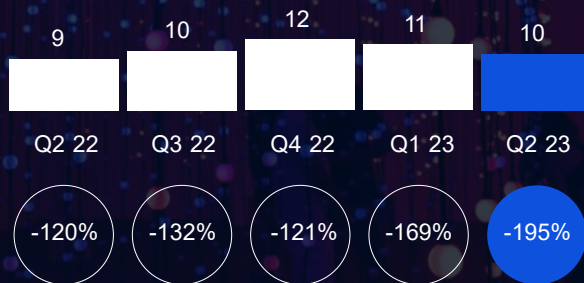
KONTALI

veyt



Factlines.

Development last 5 quarters
Revenue (MNOK) and operating margin



Q2 update – ARR growth across the portfolio

The annual recurring revenues (ARR) for the portfolio grew to NOK 36 million, which represents a 21% increase compared to the previous quarter and 38% YTD.

- **Kontali**

Kontali is experiencing strong demand and customer growth for its new seafood insights portal *Edge*. ARR grew by 8% compared to the previous quarter.

- **Veyt**

Veyt grew ARR by 30% compared to the previous quarter. Veyt continued to release new products and improvements on the platform, which was launched in the first quarter.

- **Factlines**

Strong ARR growth of 48% compared to the previous quarter. New product launches and improvements expected to yield continued strong growth.

- **Utel**

With a strong emphasis on outbound sales, Utel's sales pipeline is strong and ARR movement in the coming quarters is expected.

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



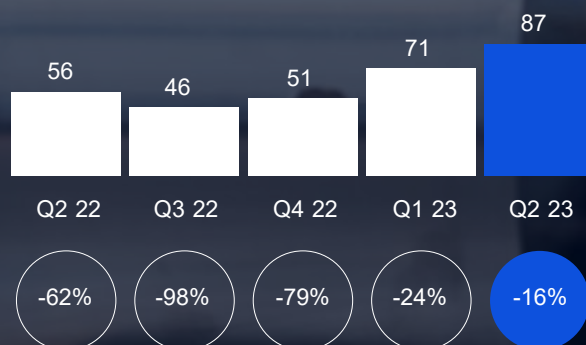
AFK ownership
71%

Head office
Sherbrooke, Canada

Market cap (30.06)
842 MNOK

Listed at
Oslo Børs

Development last 5 quarters
Revenue (MNOK) and operating margin



Q2 update – record revenues and improved margin

- **Revenue growth** of 45% and adjusted **EBITDA improved** by CAD 2.6 million compared to Q2 2022.
- Target for the **capacity increase** program reached. Increasing sales, production and delivery of additive materials remains top priority.
- **Order intake** of CAD 10.4 million in the quarter, with several significant wins especially in Systems.
- **Strong order backlog** of CAD 22 million at end of quarter, 19% above Q2 2022, supporting significant revenue growth for 2023 compared to 2022.
- Typical seasonality (summer vacations) in Tekna's main markets will affect the company's revenues in Q3 compared to Q2.
- **Guiding:** Reiterating a substantial improvement of margins in 2023 compared to 2022, supported by increased production capacity and organizational productivity.

Tekna market outlook

Systems – Market rebound

R&D & PlasmaSonic wind tunnels

CAD 300m

Emerging industry for which Tekna has identified
CAD 300m of PlasmaSonic prospects over the next 10 years.

- Re-energized global interest in developing, **testing and manufacturing novel materials**: Industrial and Academic.
- Emergence of **new industrial segments**: Space tourism, Satellite Internet & Networks & strategic defence.

Materials – Strong demand

Additive Manufacturing

Up to +30%

Materials sales CAGR 2022-2030 as forecast
by Grand View Research and Smartech.

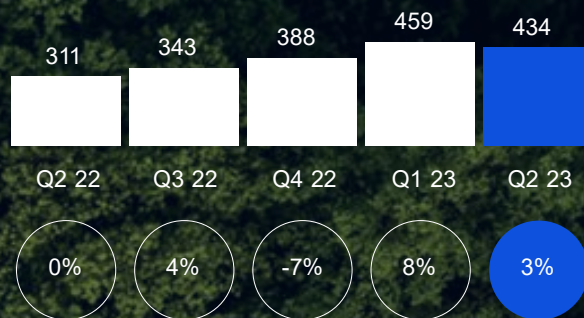
- Growing market with increasing number of OEMs now operating at an **industrial scale**.

ENRX®

AFK ownership
95%

Head office
Skien, Norway

Development last 5 quarters
Revenue (MNOK) and operating margin



Q2 update – Heat performing well, large Charge contract

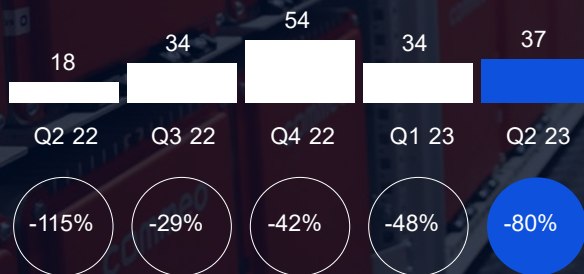
- **Revenues increased by 20%** year-over-year to EUR 37.1 million in the quarter, primarily driven by a higher activity level within the Heat division.
- EBIT for the quarter was EUR 0.9 million, up from EUR 0.0 million last year. The EBIT in the quarter was adversely impacted by **restructuring costs** of EUR 1.5 million related to ENRX Germany.
- **Order intake remains strong.** Total order intake for the quarter ended at EUR 37.8 million, compared to EUR 36.2 million in the same quarter last year.
- Order backlog of EUR 171 million, creates **strong fundament** for continued profitable growth through 2023.
- **Aspire contract** contributed EUR 12.7 million in order intake. Contract includes delivery of a dynamic wireless charging system allowing vehicles to charge while driving, representing an important milestone for ENRX wireless charging solutions.

ampwell

AFK ownership
100%

Head office
Arendal, Norway

Development last 5 quarters
Revenue (MNOK) and operating margin



Q2 update – ramping up to meet growing demand

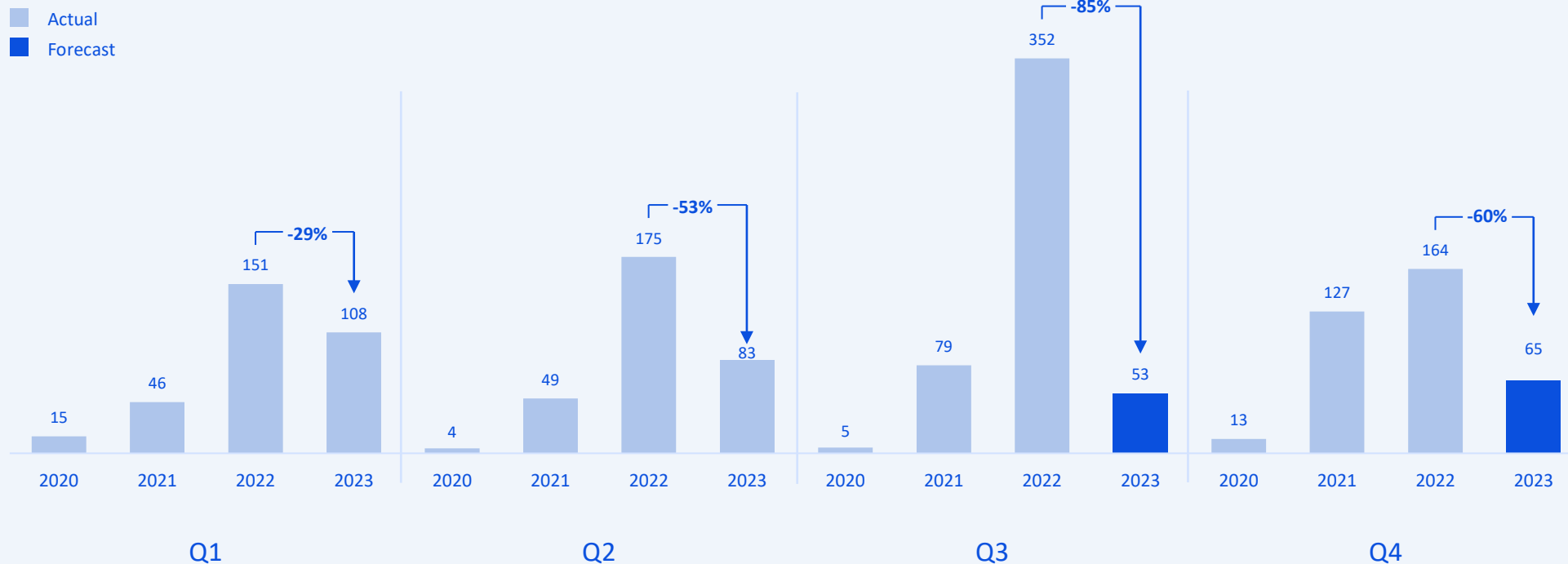
- Revenues for the quarter were EUR 3.2 million, driven by increased sales and production capabilities in Commeo.
- Operating profit was EUR -2.6 million. **Operational ramp-ups** in both Commeo and Collect Energy, as well as Ampwell parent company, contributed to negative margins in the quarter.
- The first part of Commeo's **new production facilities** is estimated to be finalized in mid-2024 and will over time enable above 1 GWh production capacity.
- During the quarter, Collect Energy announced a **commercial project with Volkswagen** Group Charging GmbH (Elli), for the delivery of automated control and communication software which will enable Volkswagen to utilize car batteries to trade on the spot market.

Electricity prices reduced from peak levels

But will increase towards the end of the year

Actual and forecasted EUR/MWh NO2, 2020-2023

Dependent on weather conditions and European power prices



Assuming uniform production, and AFK Vannkraft production of 500 GWh:

A price increase of 1 Euro per MWh results in a 500,000 Euro increase in revenues for AFK Vannkraft.

Strong profitability across the portfolio

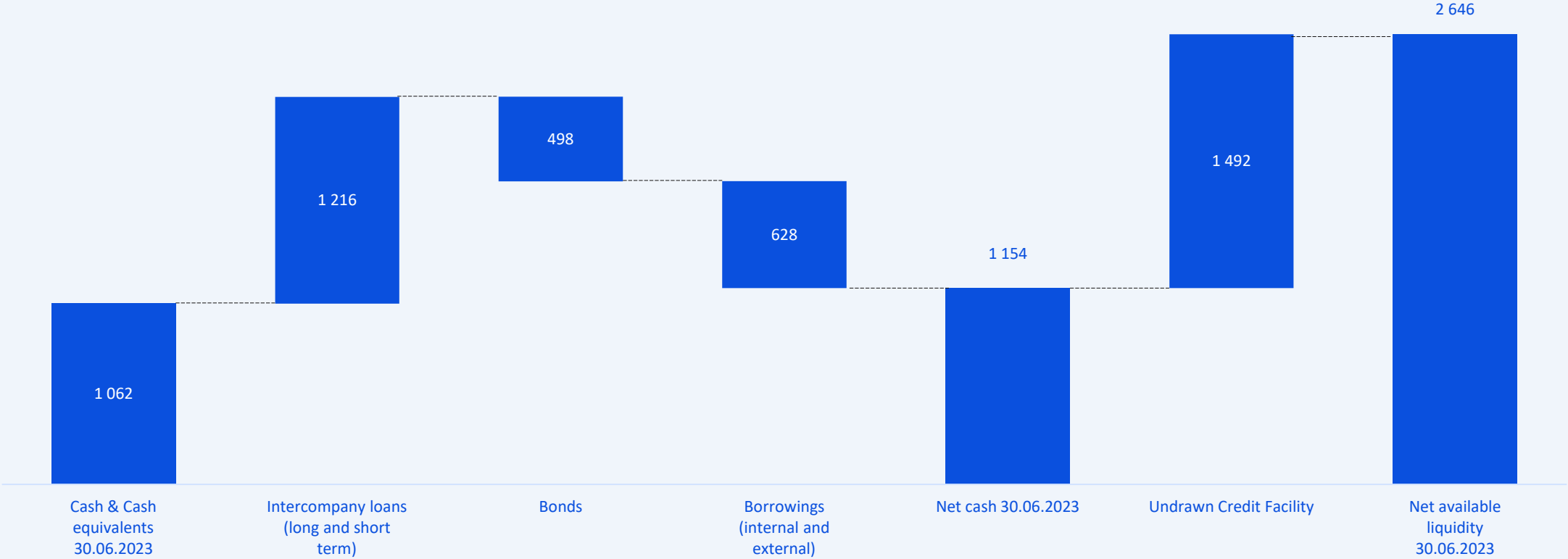
- Solid profitability with EBIT in the mature companies Value, ENRX and NSSLGlobal increasing by **NOK 58 million**. Tekna with improved profitability.
- Contribution from Hydropower improved EBIT by **NOK 39 million** as production levels more than offset price decline.
- **Outlook:** Following high activity levels in all portfolio companies, AFK Group revenues and operating profit for 2023 are expected to be higher than in 2022.

Operating profit (MNOK)	Q2 2023	Q2 2022	Difference
Value	48	12	+36
NSSLGlobal	63	74	-11
Tekna	-14	-35	+21
ENRX	11	0	+11
AFK Vannkraft (Hydropower)	107	68	+39
Ampwell	-30	-20	-10
Other	-37	-29	-8
Arendals Fossekompani consolidated	148	70	+78

1.1 BNOK in Cash

And more than 2.6 BNOK in available liquidity

Total Available Liquidity in AFK Parent 30.06.23 (MNOK)



Outlook

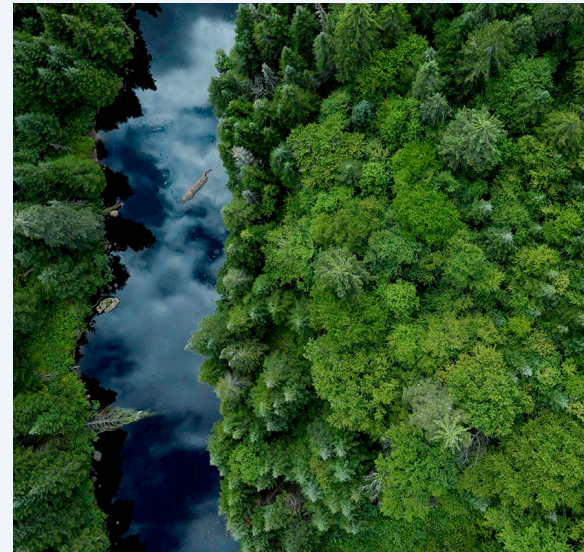
Energy transition, electrification and digitization will continue to drive growth in portfolio companies.



We do not expect significant new investments on AFK level in short to medium term, and limited capital market activity, however M&A agenda in portfolio companies.



Short to medium term focus on realizing full value potential in existing portfolio.

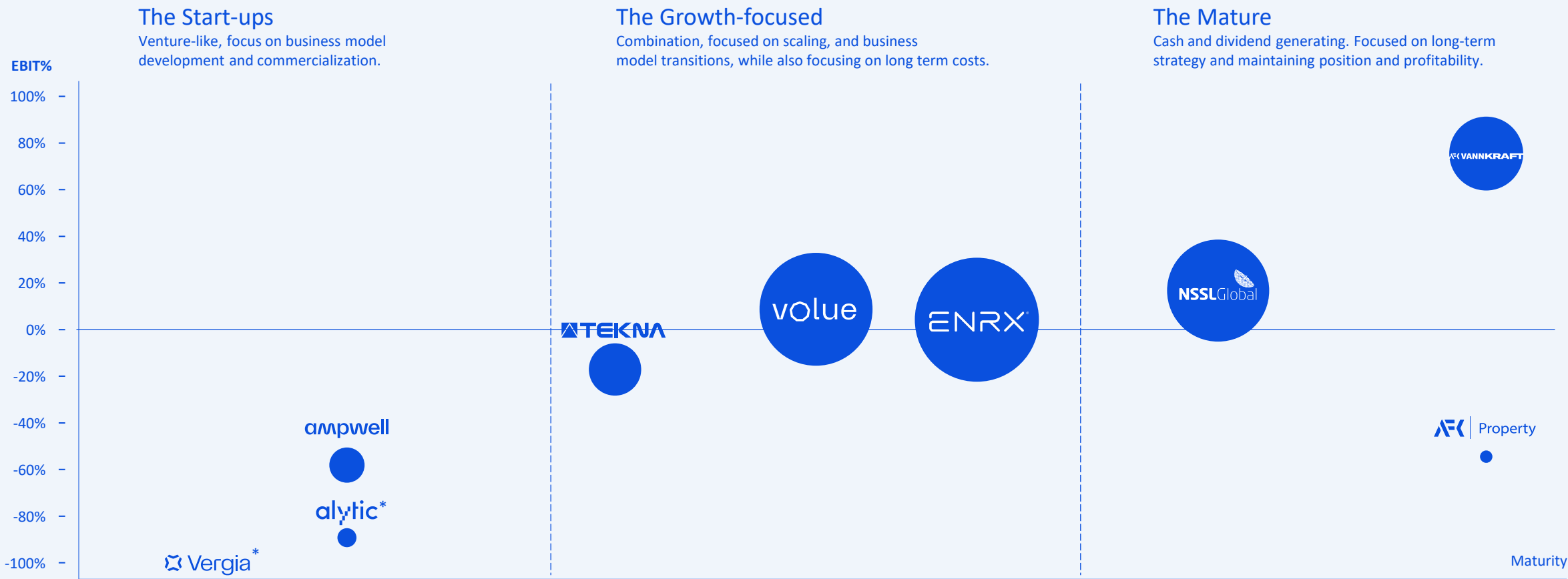


Capital to be carefully allocated toward accelerating most promising growth opportunities.



Our portfolio spans across the business life cycle

Diversified portfolio ensuring both stable cash flow and attractive growth prospects



*H1 2023 EBIT% for Vergia was -883% (NOK -3 million operating profit, NOK 0 million revenue). H1 2023 EBIT% for Alytic was -181% (NOK -38 million operating profit, NOK 21 million revenue). Bubble size indicate revenue. All numbers reflect H1 2023.

Closing summary

Q2 2023

- **Strong underlying results** with positive outlook
- **Balance sheet** supports both continued cash dividend and fuelling growth
- Diversified and **well positioned portfolio** ensuring both stable cash flow and attractive growth opportunities
- **Focused business development** on-going in all portfolio companies driving growth in long term NAV



Q&A

Solid P&L for the Arendals Fossekompani group

- Total revenues for the Group amounted to NOK 1,404 million (1,062 million) in the second quarter. Consolidated earnings before tax came in at NOK 148 million (90 million). Ordinary profit after tax, but before non-controlling interests, totalled NOK 41 million (23 million).
- The second quarter was characterized by strong financial and operational performance by the AFK group of companies. Operating profit in the quarter was driven by high hydropower production levels and strong results from key portfolio companies ENRX, Volve, and NSSLGlobal.

P&L consolidated (MNOK)	Q2 2023	Q2 2022
Revenues	1 404	1 062
EBITDA	228	141
EBITDA %	16%	13%
EBIT	148	70
EBIT %	11%	7%
Net Financials & Share of profit/loss of associates	0	20
Earnings before tax	148	90
Tax	-107	-67
Earnings after tax	41	23
Basic earnings per Share (NOK) ¹	0.75	0.43

Thank you!

VISITING ADDRESS

Langbryggen 9, 4841 Arendal

POSTAL ADDRESS

Box 280, 4803 Arendal

+47 37 23 44 00

firmapost@arendalsfoss.no

arendalsfossekompani.no