Arendals Fossekompani

Interim report

Q2 and Half-year Report 2022

Highlights Q2 2022

Electricity prices up, production down

The average spot price in the NO2 price area was EUR 170 /MWh, more than three times higher than Q2 in 2021. However, power generation was only 52 GWh (128.4 GWh).

NOK 0.95

Per share

Dividend to be paid in September

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

23%

Revenue growth

AFK Group revenue surpasses 1 billion

Total operating revenues for the group amounted to NOK 1,062 million (866 million) in the second quarter, representing a 23% increase year-over-year.

Introducing energy storage and Ampwell

Following the acquisition of energy storage specialist Commeo in Q2, Arendals Fossekompani established Ampwell to build an eco-system for battery technology and a Battery-as-a-Service business model.

ampwell

Introducing wireless charging and Evolgy

Following the acquisition of wireless charging solutions provider IPT Technology in Q2, Evolgy was established to combine IPT Technology and EFD Induction.

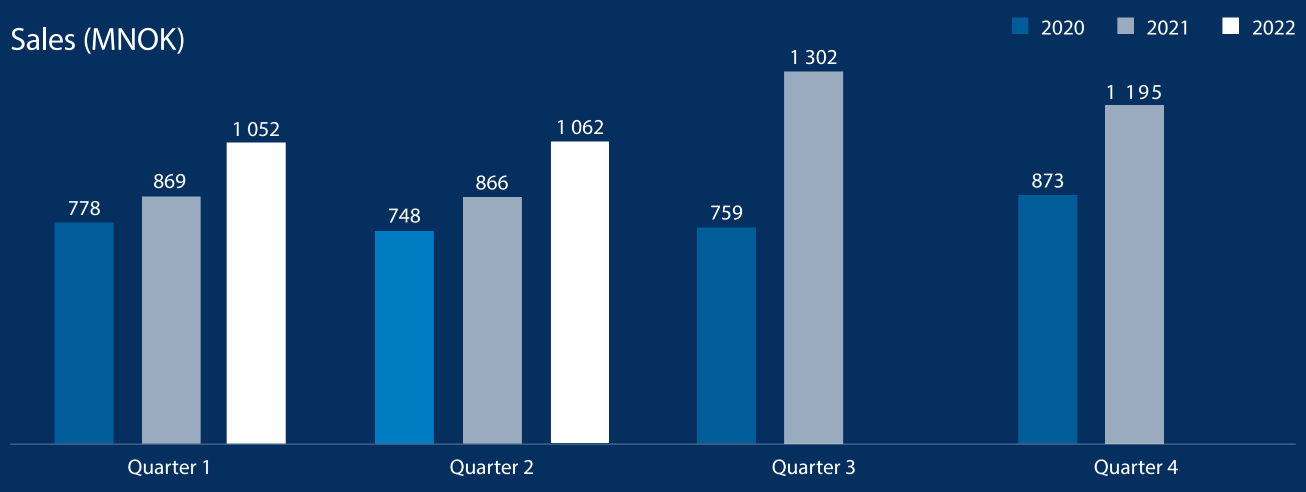
Financial Highlights Q2 2022

KPIs for AFK consolidated, continuing operations

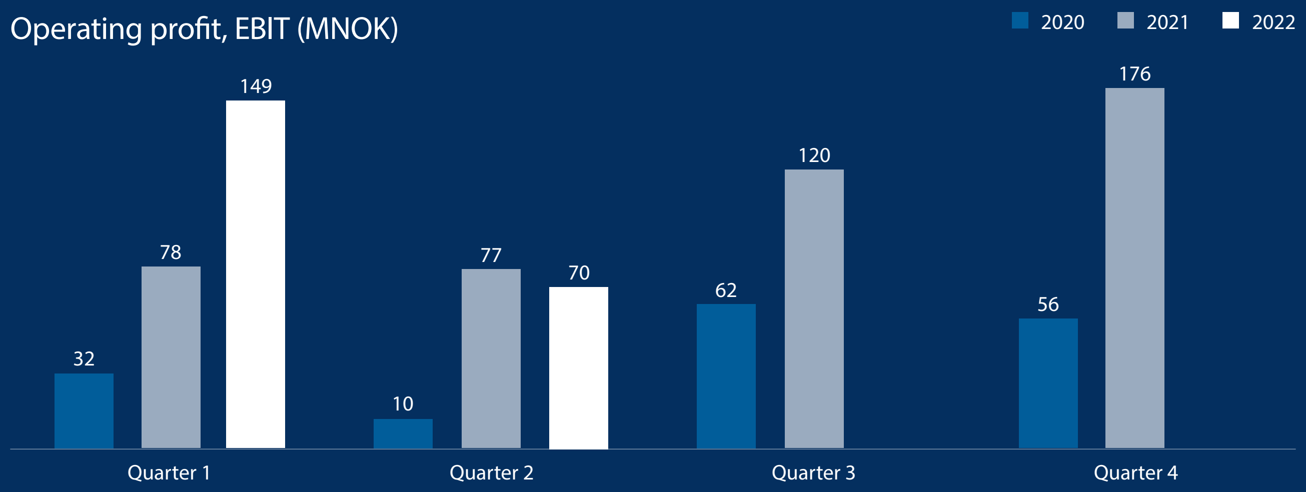
	Q2	Q2	YTD	YTD
MNOK	2022	2021	2022	2021
Operating revenue	1 062	866	2 113	1 735
Operating profit (EBIT)	70	77	219	155
Margin	7%	9%	10%	9%
Operating profit (EBIT) by company				
Parent Company	53	31	179	69
Volue	12	-11	26	10
NSSLGlobal	74	41	113	70
Evolgy	0	24	13	26
Tekna	-35	-5	-68	-14
Vergia	-2	-	-4	-
Ampwell	-20	-	-20	-
Alytic	-11	-0	-17	-2
Property	-1	-2	-2	-4
Operating profit	70	77	219	155
Profit before income tax	86	61	220	137
Profit for the period, continuing operations	37	25	72	53

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

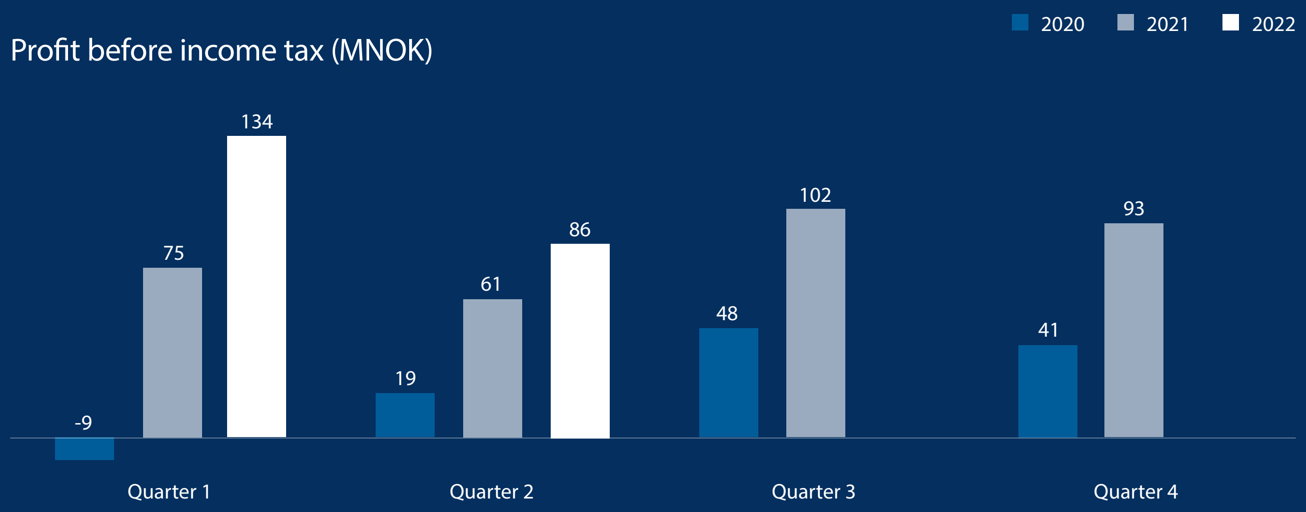
Sales (MNOK)



Operating profit, EBIT (MNOK)



Profit before income tax (MNOK)



COMMITTED TO SCIENCE-BASED TARGETS

Arendals Fossekompani has signed a commitment letter and joined the Science-Based Targets Initiative.

The Science-Based Targets Initiative is a global body enabling businesses to set ambitious emissions reduction targets in line with the latest climate science. It is focused on accelerating companies and financial institutions across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

Science-based targets show 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.

The initiative is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature (WWF).

Sustainability-linked loan facilities

Renewal of loan facilities totaling NOK 1.8 billion was finalized in June. As part of the new terms, Arendals Fossekompani will be rewarded for its performance related to a selection of sustainability targets.

“We are pleased to have banking partners that value sustainability. The new sustainability linked loan facilities show that is possible to get better financial terms for companies that strive to make a planet-positive contribution. This is an efficient way to nudge companies in the right direction,” says Ingunn Ettestøl, ESG Director at Arendals Fossekompani.

As of today, Arendals Fossekompani has a positive net cash position. However, it is essential to have instruments in place to provide financial capacity when needed, for instance to make new acquisitions or to support the existing portfolio companies. Thus, three new revolving loan facilities are provided by Handelsbanken and Danske Bank for a duration of five to seven years, including options for extensions.

“We are pleased to have secured new long-term credit facilities at better terms. This provides stability and predictability. And for the first time, all credit facilities are linked to sustainability targets. If and when we reach the agreed-upon targets, it will trigger a lower interest rate. It is a small discount, but the very principle of being rewarded for continuously improving our sustainability position, is important to us,” says Lars Peder Fensli, CFO at Arendals Fossekompani.

Arendals Fossekompani Group

HEADQUARTER	CHAIRMAN	CEO	EMPLOYEES	COUNTRIES
ARENDAL, NORWAY	TROND WESTLIE	ØRJAN SVANEVIK	2,200	27

FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating revenue	1 062	866	2 113	1 735
Operating profit	70	77	219	155
Operating margin	7%	9%	10%	9%
Earnings before tax (EBT)	86	61	220	137
Earnings after tax (EAT)	37	25	72	53
Operating cash flow	-306	-133	102	74
NIBD	-1 185	-1 204	-1 185	-1 204
Equity	4 253	3 940	4 253	3 940
Equity ratio	57%	52%	57%	52%

Arendals Fossekompani (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. AFK 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 – Q2 2022

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

Total operating revenues for the group amounted to NOK 1,062 million (866 million) in the second quarter and as of 30 June to NOK 2,113 million (1,735 million). Consolidated earnings before tax came in at NOK 86 million (61 million) for the quarter and as of 30 June at NOK 220 million (137 million). Ordinary profit after tax, but before non-controlling interests totalled NOK 37 million (25 million) for the quarter and as of 30 June amounted to NOK 72 million (53 million).

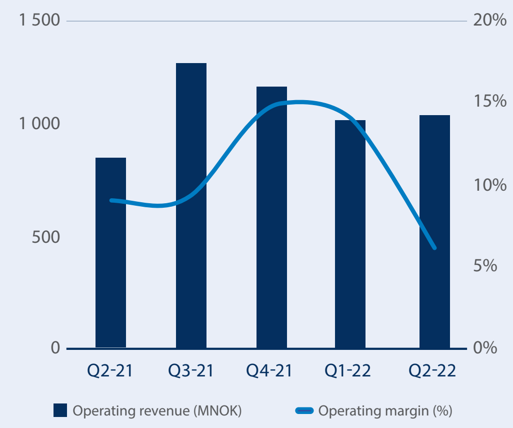
The AFK Group made three acquisitions in the second quarter. The wireless charging solution provider IPT Technology GmbH was acquired on 19 May, which led AFK to establish the Evolgy Group which initially consists of EFD Induction and IPT Technology. On 28 April Alytic acquired Factlines, a company offering digital solutions for securing responsible supply chains. On 7 April AFK acquired the German energy storage specialist, Commeo GmbH and formed the new company Ampwell. With Commeo as a key building block, Ampwell will build an eco-system for battery technology and a Battery-as-a-Service business model.

The AFK Group continues the solid operational performance delivering a consolidated top-line growth of 23% in the quarter. The consolidated operating profit amounted to NOK 70 million (77 million). The operating profit in the quarter was mainly driven by high electricity prices. Despite lower production AFK Hydropower delivered substantial revenue and operating profit. In addition, Volue and NSSLGlobal both delivered strong operational performance. The operating profit in the quarter was negatively affected by transaction costs of NOK 11 million and negative operating profit from new acquisitions of NOK 17 million.

Evolgy was formed through the combination of EFD Induction and the wireless charging solutions provider IPT Technology. Evolgy combines EFD Induction's global market leadership in industrial induction heating systems with IPT's leading technology in the high-growth market for wireless induction charging solutions for mobility and industrial applications. Total operating revenues increased by 10% year-on-year to NOK 311 million in the second quarter. Costs were negatively affected by the consolidation of IPT in the second quarter. Operating profit fell to NOK 0 million (24 million), including a negative result of NOK 5 million from IPT Technology and one-time acquisition costs of NOK 5 million. Order intake has remained firm with new orders in all regions and segments, and the order backlog of EUR 107 million compares with EUR 98 million at the end of the first quarter.

The strong demand for advanced materials continued with Tekna's materials order intake, reaching a record CAD 9.7 million in the second quarter of 2022. The backlog for Materials amounted to CAD 15.3 million at the end of the period, up 76 per cent from the same time last

DEVELOPMENT LAST 5 QUARTERS



Currency rates (NOK/CAD). Average Q2 2022: 7.18. Average Q2 2021: 6.77. End Q2 2022: 7.71. End Q2 2021: 6.91.
Currency rates (NOK/GBP). Average Q2 2022: 11.84. Average Q2 2021: 11.72. End Q2 2022: 12.06. End Q2 2021: 11.85.

year. Recent orders confirm a long-awaited and desired development in the market, with larger orders and more long-term supply agreements.

On 30 June Tekna announced that the prospectus prepared in connection with the company's uplisting to the main list of the Oslo Stock Exchange was approved by the Norwegian Financial Supervisory Authority. The first day of trading of the company's shares on the main list was on 1 July.

Volue continues the transformation towards recurring revenues and Software-as-a-Service (SaaS). SaaS revenues were NOK 68 million in the quarter, an increase of 29% compared to the second quarter of 2021, representing 23% of total revenues. The SaaS transformation builds a platform that can handle a large number of new customers, enabling further revenue growth. Recurring revenue constituted 62 percent of total revenues and reached NOK 184 million in the quarter, an increase of 17 percent compared to the corresponding quarter previous year.

NSSLGlobal reports strong sales and operating profit as well as solid order intake. The company won new contracts totalling £6.0m in the quarter. The company's long-term backlog provides stable outlook going forward.

AFK Hydropower contributed with substantial revenues and operating profit in the quarter due to record-high electricity prices. Power generation in the quarter amounted to 52 GWh (128.4 GWh). The average spot price in the NO2 price area was EUR 170/MWh (EUR 48.4/MWh), lifting revenues from AFK Hydropower to NOK 86 million (63 million) and operating profit to NOK 53 million (31 million) compared to the corresponding quarter previous year.

The AFK parent company renewed three loan facilities totaling NOK 1.8 billion in June. The new revolving loan facilities are linked to sustainability targets and have a duration of five to seven years, including options for extension. Including the 7-year NOK 500 million unsecured green bond issued in March 2021, AFK's financial position is solid with a long average maturity profile, attractive interest rates, and a significant gross cash position.

EVENTS AFTER THE CLOSE OF THE QUARTER

On 18 August the Board of Directors decided to pay an ordinary cash dividend of NOK 0.95 per share for the second quarter 2022. The dividend is set to be paid on 2 September.

OUTLOOK FOR 2022

There is increasing uncertainty associated with the war in Ukraine, the Covid-19 pandemic, supply chain constraints, soaring inflation, rising interest rates, and 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 trends for 2022, water levels and forecasted production, revenues and operating profit for AFK Hydropower are expected to be higher than 2021, despite lower production compared to the previous year.

Following high activity levels in all portfolio companies and the market's estimated power price trends, 2022 revenues and earnings for AFK Group as a whole are expected to be higher than in 2021.

SHARE PRICE

There is a total of 55,995,250 shares in the company. The share price on 30 June 2021 was NOK 292 and on 30 June 2022 NOK 279, a decrease of -4.4% in the period. When including direct yield (dividend payouts) in the same period, total decrease in shareholder value was -0.3%.

AFK's total market capitalization was NOK 15.6 billion at the end of June 2022. Compounded annual return to AFK shareholders was 19.4% in the period June 2012 to June 2022.

Arendals Fossekompani Assets

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

volue

AFK ownership
60.1 %

Market cap (30.06)
3,424 MNOK

Headquarter
Oslo, Norway

Listed at
Oslo Børs

TEKNA

AFK ownership
71.1 %

Market cap (30.06)
1,753 MNOK

Headquarter
Sherbrooke, Canada

Listed at
Oslo Børs

EVOLGY

AFK ownership
95.8 %

Headquarter
Skien, Norway

NSSLGlobal

AFK ownership
80 %

Headquarter
London, UK

alytic

AFK ownership
95 %

Headquarter
Arendal, Norway

ampwell

AFK ownership
100 %

Headquarter
Arendal, Norway / Berlin, Germany

Vergia

AFK ownership
100 %

Headquarter
Arendal, Norway

AFK Hydropower

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

AFK Property

AFK Property comprises all property related companies and property investments.

Arendals Fossekompani
Parent Company / Hydropower

HEADQUARTER	CHAIRMAN	CEO	EMPLOYEES	COUNTRIES
ARENDAL, NORWAY	TROND WESTLIE	ØRJAN SVANEVIK	35	1

FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating revenue	86	63	258	142
Operating profit (EBIT)	53	31	179	69
Operating margin	62%	49%	69%	49%
Net financial items	292	68	545	1 115
Earnings before tax (EBT)	345	99	724	1 185
Earnings after tax (EAT)	300	78	596	1 133
Operating cash flow	-52	20	113	74
NIBD	-1 122	-762	-1 122	-762
Equity	3 168	2 928	3 168	2 928
Equity ratio	80%	74%	80%	74%
HYDROPOWER (EXTRACTED FROM AFK PARENT COMPANY FINANCIAL FIGURES), MNOK				
Operating revenue	82	61	251	136
Operating profit (EBIT)	68	42	221	96
Operating margin	83%	69%	88%	71 %
Earnings before tax (EBT)	68	42	221	96
Earnings after tax (EAT)	35	9	111	37

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 20 people. The head office is located in Arendal. AFK Hydropower generates power at two locations in the Arendal watercourse. The Bøylefoss and Flatenfoss power stations produce in excess of 500 GWh annually.

HIGHLIGHTS OF Q2 2022
(Figures in parentheses refer to the same period the previous year)

AFK PARENT COMPANY
The Parent Company reported revenues of NOK 86 million (63 million) in the second quarter and as of 30 June NOK 258 million (142 million). Operating profit amounted to NOK 53 million (31 million) in the second quarter and as of 30 June 179 million (69 million). Net financial items consist primarily of internal and external dividends and transactions effects, currency effects, and interest costs.

The AFK Parent Company's financial position remains solid. The company's cash position as of 30 June amounted to NOK 1,043 million. In addition, the company has undrawn credit facilities of NOK 2,000 million, securing net available liquidity of NOK 3,043 million per end of the quarter.

AFK HYDROPOWER
Second quarter production and precipitation were lower than normal. This summer, the Norwegian Water Resources and Energy Directorate (NVE) issued a special permission for the minimum water flow regulation in the water course to be reduced from 40 to 30 m^3/s.

Electricity prices in Southern Norway continued to rise in the second quarter as a result of low hydro reservoir levels, due to low inflow and low snow reservoirs. Strong prices for coal, gas, and CO2 are also lifting the European prices for electricity, and higher export to the UK after commissioning of a new North Sea Link, triggers even stronger connection to the high European prices.

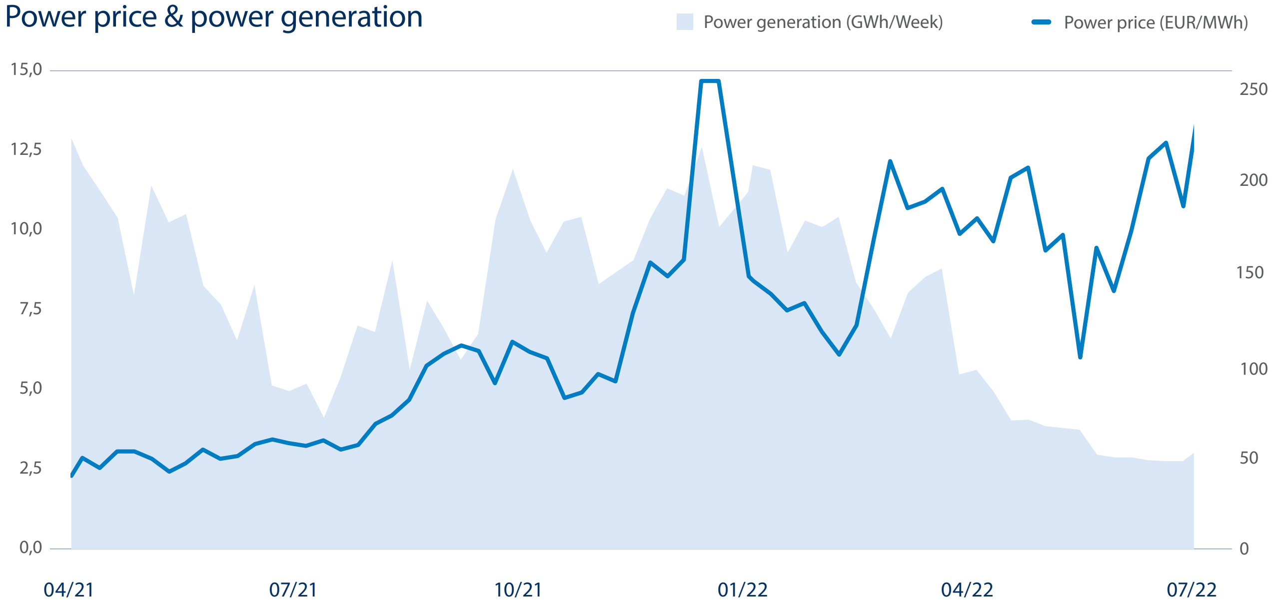
Power generation in the second quarter amounted to 52 GWh (128.4 GWh). The hydropower plants had some minor interruptions due to planned maintenance and inspections during this quarter. The average spot price in the NO2 price area was EUR 170/MWh (EUR 48.4/MWh). AFK has a defined strategy of selling hydropower production in the day-ahead (spot) market. Precipitation and inflow in Q2 2022 were respectively around 52% and 50% of the norm for the watercourse.

The figure below shows the power price (NO2) and power generation for Arendals Fossekompani per week for the period 31/03/2021–30/06/2022. Essential audits and maintenance routines took place in the quarter in accordance with established control procedures for the hydropower facilities.

OUTLOOK 2022
In light of the market's estimated power price trends for 2022, water levels and forecasted production, revenues and operating profit for AFK Hydropower are expected to be higher than 2021, despite lower production compared to the previous year.

Actual energy prices depend on many factors, including hydrological balance, oil and gas prices, weather conditions, temperatures and more. With limited reservoir capacity, the production volume will also be dependent on precipitation.

Power price & power generation



Volue
Portfolio company

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
OSLO, NORWAY	ØRJAN SVANEVIK	TROND STRAUME	60.1 %	730	8

FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating Revenues	298	233	584	489
EBITDA	39	14	79	56
Adjusted EBITDA*	44	57	90	109
Operating Profit	12	-11	26	10
Operating Margin	4%	-5%	4%	2%
Earnings before tax (EBT)	16	-10	26	11
Operating cash flow	-127	-83	158	121
NIBD	-460	-473	-460	-473
Equity	785	738	785	738
Equity Ratio	48%	49%	48%	49%

* 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 estimate one-off loss revenues due to the cyber-incident in 2021 (only relevant for 2021 figures).

Volue is a market leader in technologies and services that power the green transition. Based on 50 years of experience, Volue provides innovative solutions, systems and insights to industries critical to society. 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. Volue operates within three segment, Energy, Power Grid and Infrastructure. The company is active in 40+ countries.

STRONG GROWTH IN RECURRING REVENUES AND SAAS

The transformation towards recurring revenues and Software as a Service (SaaS) continues. SaaS revenues were NOK 68 million in the quarter, an increase of 29 percent
compared to the second quarter of 2021, representing 23 percent of total revenues. The SaaS transformation builds a platform that can handle a large number of new customers, enabling further revenue growth.

HIGHLIGHTS OF Q2 2022

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

Total operating revenues in the quarter amounted to NOK 298 million (233 million). Adjusted EBITDA for the quarter totaled NOK 44 million (57 million).

The revenue growth was mainly driven by the Energy Segment, which increased by 44 percent from the second quarter of last year to NOK 189 million. Expansion of the European footprint and growing international activities are the main drivers for growth through new markets and solutions such as trading, optimalisation, forecast and analyses.

In the Power Grid Segment Volue has seen an improvement in growth rates in the quarter, while the profitability was influenced by increased investments.

In the Infrastruture segment, the ongoing shift in business models increases ARR, and at the same time the overall revenues grow comapread to last year.

Recurring revenue constituted 62 percent of total revenues and reached NOK 184 million in the quarter, an increase of 17 percent from the second 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.

European energy markets are going through a tectonic shift leading to price increases and increased volatility. This increases data-driven opportunities based on an integrated digital value chain from sensors to executed trades and thus the value of Volue's solution.

Volue continues to prioritise strategic investments in its SaaS platform and expansion into new markets, which creates short- to mid-term EBITDA impact and increased R&D capitalisation in line with plans.

OUTLOOK

Volue sees continued strong markets and has a strong foundation for continued profitable growth and expansion. The long-term ambition is to exceed NOK 2 billion revenues by 2025, with 15% annual organic revenue growth, SaaS revenues increasing to 50 percent, recurring revenues towards 80 percent and an adjusted EBITDA margin towards 30 percent. For H2 2022, the Company has outlined the following additional priorities and ambitions:

· Further utilise synergies to strengthen margins
· Adjusted EBITDA margins improving from H1 2022
· Continue to grow ARR business in line with 2025 targets and 2021 performance
· Expand activities outside Europe
· Strategic investments for international growth
· Structural growth through M&A

DEVELOPMENT LAST 5 QUARTERS

Tekna
Portfolio company

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
SHERBROOKE, CANADA	MORTEN HENRIKSEN	LUC DIONNE	71.1 %	204	4

FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Sales	56	52	102	103
EBITDA	-29	-8	-54	-10
Adjusted EBITDA	-23	-3	-43	1
Operating profit	-35	-5	-68	-14
Operating margin	-	-	-	-
Earnings before tax (EBT)	-41	-3	-79	-16
Operating cash flow	-70	-14	-101	-47
NIBD	-112	-268	-112	-268
Equity	505	613	505	613
Equity ratio	80%	86%	80%	86%

Currency rates (NOK/CAD). Average Q2 2022: 7.18. Average Q2 2021: 6.77. End Q2 2022: 7.71. End Q2 2021: 6.91.
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 to several industries. Tekna's two business areas are Plasma Systems and Advanced Materials.

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.

DEMAND FOR TEKNA MATERIALS CONTINUES TO GROW

The strong demand for advanced materials continued with Tekna's materials order intake, reaching a record CAD 9.7 million in the second quarter of 2022. The backlog for Materials amounted to CAD 15.3 million at the end of the period, up 76 per cent from the same time last year. Recent orders confirm a long-awaited and desired development in the market, with larger orders and more long-term supply agreements.

The Systems market also showed signs of a rebound with the easing of travel restrictions, evidenced, for instance, by a growing number of opportunities for PlasmaSonic and by two TEK15 system contracts being signed in the second quarter.

Planned work to increase 70% materials production capacity by year-end 2022 is in progress. The targeted machine output for the second quarter was achieved. Additional trials and development work is ongoing to secure a continuous and robust process. This will likely affect machine output in the third quarter and Tekna is confident it will achieve the 70% year-end target. Work involves hardware and software enhancement on the machines and recruitment of additional skilled personnel for post-processing.

On 1 July 2022, the Tekna share was transferred to Oslo Børs, the main list of the Oslo Stock Exchange. This uplisting will further increase the company's visibility in the marketplace and cement its position as a leading investment opportunity in the advanced materials industry segment.

HIGHLIGHTS OF Q2 2022

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

Total operating revenues in the quarter amounted to CAD 7.6 million (7.4 million) and as of 30 June revenues totaled CAD 14.1 million (15.2 million). Materials revenue for the first half year amounted to CAD 10.2 million (9.4 million) and Systems CAD 4.0 million (5.8 million). Revenues in Materials increased 12 per cent while Systems revenues decreased by 16.4 per cent from the corresponding quarter in 2021. Systems remained affected by pandemic related constraints. Activity in the third quarter will be marked by seasonality of sales.

Adjusted EBITDA in Q2 was CAD -3.2 million (-0.5 million) and as per 30 June CAD -6.0 million (0.1 million). EBITDA adjusted for costs related to the IPO and uplisting, non-recurring legal costs, and IT expenses related to the cloud software IFRS reclassification.

The total order backlog stood at a solid CAD 18.4 million, of which CAD 15.3 million for materials, a 76% increase year-on-year.

OUTLOOK

Tekna's strategy, technology and products are considered highly relevant in today's global markets, which are marked by geopolitical turmoil, economic uncertainty, an urge for sustainability and increased predictability. The company's customers are transitioning towards new technology, moving manufacturing closer to markets whilst considering more sustainable production processes.

All these factors support a continued strong and increasing demand for advanced materials for additive manufacturing.

In the medium to longer term, additional demand is expected to emerge in microelectronics and energy storage. In these segments, Tekna continues to pursue opportunities through partnerships with leading global industrial equipment manufacturers.

DEVELOPMENT LAST 5 QUARTERS

NSSLGlobal
Portfolio company

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
LONDON, UK	ARILD NYSÆTHER	SALLY-ANNE RAY	80 %	216	9

FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating Revenues	282	227	507	437
Operating Profit	74	41	113	70
Operating Margin	26%	18%	22%	16%
Earnings before tax (EBT)	74	41	113	69
Operating cash flow	53	25	91	52
NIBD	-306	-221	-306	-221
Equity	449	379	449	379
Equity Ratio	54%	52%	54%	52%

Currency rates (NOK/GBP). Average Q2 2022: 11.84. Average Q2 2021: 11.72. End Q2 2022: 12.06. End Q2 2021: 11.85.

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 and Intelsat. 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 Q2 2022
(Figures in parentheses refer to the same period the previous year)

Revenues for the second quarter were £23.9 million (£19.4 million) and total revenues as of 30 June were £42.8 million (£37.3 million). The growth in the quarter, compared to last year, was largely due to increased government airtime, equipment sales and projects driven by increased operational activity caused by the Ukraine conflict.

Operating profit in the quarter was £6.3 million (£3.5 million) and as of 30 June £9.5 million (£6.0 million).

During the second quarter, NSSLGlobal won £6.0m of new business opportunities of which a significant portion was either new navigation and communication (NAVCOM) or governmental projects.

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

OUTLOOK
NSSLGlobal expects 2022 revenues and operating profit to be better than 2021.

Evolgy

The right energy can take you anywhere

Delivering the right energy – for charging or heating – for various automotive and industrial applications, Evolgy is a global green tech company. Evolgy technologies contribute to efficient manufacturing processes and transport flows with low or no carbon footprint.

"Evolgy fits well into AFK's future-oriented portfolio, which is already well positioned within several global megatrends"

Ørjan Svanevik
CEO of Arendals Fossekompani

Evolgy comprises two companies with complementary induction technology: The well-established, global green-tech company EFD Induction, which delivers solid results – and the wireless charging innovation company IPT Technology, which has great growth potential.

EFD Induction is a global leader in induction technology, with more than 1,000 employees in over 20 countries. Its ground-breaking, sustainable heating equipment is used in a wide range of industries, and the company is the world-leading supplier of heating solutions for the renewable energy sector. EFD Induction, which for many years has been the preferred supplier of equipment to most of the world's car manufacturers, is now dedicated to helping make the production of electric vehicles even more eco-friendly. Its portfolio also represents potential customers for IPT.

IPT Technology was founded in 1996 as Europe's first producer of solutions for induction charging and wireless power transmission. The company offers a user-friendly, cost-effective and safe alternative for sustainable charging of electric vehicles as well as power supply solutions for industrial applications. The systems are perfectly suited for warehouses, airports, factory floors and similar places where forklifts, robots and other lifting systems are used. IPT has also contributed to the development of so-called "en route" wireless charging, where vehicles are charged during short halts at, for example, bus stops or ferry quays. The most future-oriented technology lies in IPT's e-mobility concept, which includes wireless dynamic charging of cars while driving.

"Today's solution for electric cars is charging stations and home chargers. Future solutions may include self-driving cars that charge while driving on normal roads. IPT has the technology and expertise to make this happen", says Ørjan Svanevik, CEO of Arendals Fossekompani.

So far, IPT Technology has distributed their products through agents and subcontractors. Now, IPT products will be sold through Evolgy with the help of EFD Induction's worldwide sales force.

"IPT will have a capital-strong owner and access to an established, global sales force that knows the technology as well as the potential customers. This is a match that opens value-creating opportunities", says Svanevik.

"We will add expertise, networks, and capital to accelerate growth. We wish to lift IPT from being a German subcontractor to becoming an international player in wireless charging, which we believe will become a global megatrend", says Svanevik.

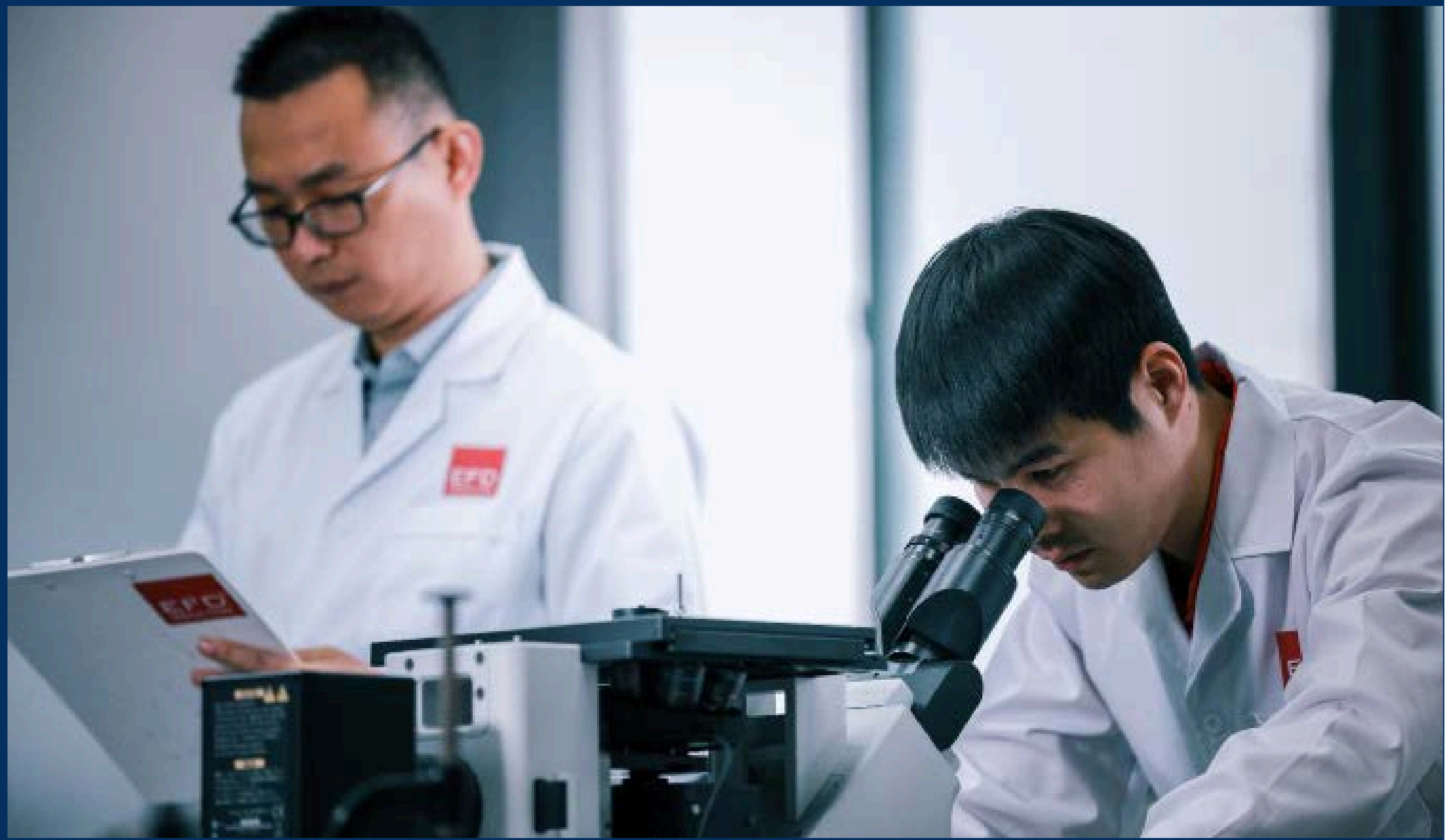
Evolgy has two segments: Evolgy Heat (EFD Induction) and Evolgy Charge (IPT). The company is being set up for growth, both organically and through further acquisitions.

"Evolgy fits well into AFK's future-oriented portfolio, which is already well positioned within several global megatrends", says Svanevik.

CEO of EFD Induction, Bjørn Eldar Petersen, has been appointed CEO of Evolgy, while Ørjan Svanevik serves as Chairman of the Board. Both EFD Induction and IPT Technology are operative with all key employees continuing in their usual positions.

Evolgy
Portfolio company

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
SKIEN, NORWAY	ØRJAN SVANEVIK	BJØRN E. PETERSEN	95.1 %	1,100	17



FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Sales	311	282	607	548
Operating profit	0	24	13	26
Operating margin	0%	8%	2%	5%
Earnings before tax (EBT)	-3	22	9	21
Operating cash flow	-64	-8	-90	-7
NIBD	450	95	450	95
Equity	446	362	446	362
Equity ratio	26%	36%	26%	36%

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

Evolgy was formed through the combination of EFD Induction and the wireless charging solutions provider IPT Technology, which was acquired by AFK during the second quarter. Evolgy delivers advanced green power technology based on induction technology, with activities in three main areas: Induction Heating Machines, Induction Power Systems, Spares and Services, and the new area of Wireless Charging Solutions. Evolgy's primary customer base operates within the automotive industry, renewables/wind turbines, pipe production, the electronics industry, the cable industry, and mechanical engineering.

HIGHLIGHTS OF Q2 2022

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

AFK acquired IPT Technology in May and subsequently combined the company with EFD Induction under the name Evolgy. Evolgy combines EFD Induction's global market leadership in industrial induction heating systems with IPT Technology's leading technology in the high-growth market for wireless induction charging solutions for mobility and industrial applications. The combined company operates in 20 countries globally, with combined proforma sales and EBITDA of NOK 1,152 million and NOK 140 million, respectively, in 2021.

Total operating revenues increased by 10 % year-on-year to NOK 311 million (282 million) in the second quarter of 2022 and by 11% to NOK 607 million (548 million) for the first half year. This generally reflects high activity, although growth in some regions has been affected by supply chain disturbances and delayed deliveries.

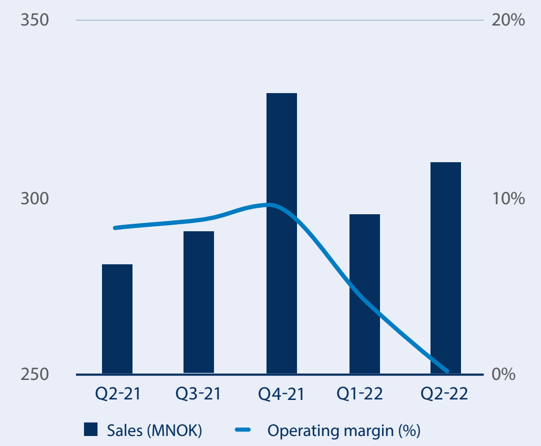
Costs were negatively affected by the consolidation of IPT Technology in the second quarter. Operating profit fell to NOK 0 million (24 million), including a negative result of NOK 5 million from IPT Technology and one-time costs related to the acquisition of NOK 5 million. The EBIT also reflects cost increases due to supply chain issues and implementing a new ERP system. Operating profit for the first half year amounted to NOK 13 million (26 million). IPT Technology was consolidated with effect from 19 May.

Order intake has remained firm with new orders in all regions and segments, and the order backlog of EUR 107 million compares with EUR 98 million at the end of the first quarter and EUR 79 million at the end of 2021.

OUTLOOK

Evolgy expects to see a profitable growth path in 2022. However, worldwide supply chain constraints and outbursts of the Covid-19 pandemic may influence the delivery of the order backlog. IPT Technology opens a growing and potentially very large market within wireless charging solutions and is expected to generate long-term revenue and cost synergies and further improve the company's operational leverage.

DEVELOPMENT LAST 5 QUARTERS



Alytic
Portfolio company

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
ARENDAL, NORWAY	MORTEN HENRIKSEN	ESPEN ZACHARIASSEN	95 %	77	2

FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating Revenues	9	7	18	13
Operating Profit	-11	-0	-17	-2
Operating Margin	-	-	-	-
Earnings before tax (EBT)	-11	-1	-17	-2
Operating cash flow	-16	1	-18	-0
NIBD	-38	-32	-38	-32
Equity	120	74	120	74
Equity Ratio	77%	78%	77%	78%

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 Q2 2022

Alytic acquired a majority position in Factlines. Factlines is experiencing strong demand for their supply chain product due to implementation of the Transparency Act. Greenfact has significantly strengthened the organization and will develop an analysis platform for decarbonization instruments including power, gas and carbon. Kontali has received good feedback from pilot customers on their new seafood portal that will be launched in the third quarter.

FACTLINES (ESG)

In April, Alytic acquired a 62.5% stake in Factlines through an equity issue. Factlines is a Norwegian SaaS company delivering software for supply chain mapping. Factlines' efficient software supports the entire process from requirements and Code of Conduct to risk analysis, follow-up, and dialogue. The acquisition of Factlines fits with Alytic's strategy and ambition to develop a European one-stop-shop for responsible supply chains, ESG-reporting, and product life cycle assessment (LCA). Shortly after the equity issue, Factlines acquired LCA software Ecotrack from business cluster GCE NODE.

Prior to the end of the quarter, Factlines made several key hires in preparation for scaling of Factlines' supply chain solution targeting customers hit by the newly adopted Norwegian Transparency Act.

GREENFACT (RENEWABLES)

Greenfact, an Alytic portfolio company since 2021, is a green-tech leader with strong domain competence, a strong brand, ongoing SaaS business and large potential for growth. In the second quarter, Greenfact's growth strategy and plan were concluded. The strategy focuses on expanding coverage for Energy Attribute Certificates (EAC) to both power and gas, and growing Greenfact into Carbon Markets. This means that Greenfact will provide a holistic analytics platform for decarbonization instruments. Executing on this strategy, Greenfact has made several new recruitments, including a new CEO, an expansion of the tech and quant team, and several new market and policy analysts.

Going forward, the team will develop the new product platform. Greenfact will migrate the existing SaaS business to the new platform and provide new analytics services early in 2023.

KONTALI (AQUACULTURE)

Kontali, an Alytic portfolio company since late 2020, has served as the leading knowledge-based consultancy and data provider for the seafood sector since the mid-90s. Since acquired by Alytic, Kontali has been on a digital transformation journey. Kontali's analysts and tech team are preparing their new portal and API for salmon and shrimp insight, which will launch in the third quarter.

The portal and API will vastly improve the way existing and future customers of Kontali gain access to the world's most extensive proprietary database covering aquaculture and fisheries. The portal and API will liberate data, reduce time-to-market and increase relevance of insights, helping Kontali customers build and maintain their competitive advantage. Kontali is looking for partners and new acquisitions to support the growth of their data offerings for the global seafood market.

UTEL (IOT & CYBER SECURITY)

Utel, an Alytic portfolio company since 2021, is a leading provider of services for network monitoring and analysis, serving a global array of telecom carriers, fixed and mobile network operators, service providers, police security services, the military and authorities. Since joining the Alytic portfolio, Utel has strengthened their go-to-market capabilities and made key AI and UX hires.

Going forward, Alytic and Utel will grow both organically and structurally in this vertical to expand the addressable market. Alytic is particularly interested in further developing cybersecurity capabilities.

OUTLOOK

Alytic portfolio companies are still in a strong investment phase building new organizations, improving existing products, and developing new product areas. Results are expected in the third quarter when Kontali, Alytic's first investment, will launch a new data- and analytical portal for the seafood market. Alytic will continue to grow its portfolio, and expects to do both new and bolt-on acquisitions.

Ampwell

Flexible battery services

Ampwell is a new company established by Arendals Fossekompani to build an eco-system for battery technology and a Battery-as-a-Service business model.

"Commeo's battery system is modular and therefore scalable from kW to MW scale, which makes it suitable not only for commercial and industrial use, but also for utility-scale applications."

Torkil Mogstad
Executive Vice President of Arendals Fossekompani

The initial building block of Ampwell is Commeo, a German company acquired by Arendals Fossekompani in April 2022, 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' energy consumption, which is to use energy from the battery racks during peak price periods to avoid steep tariffs charged by the energy system operators.

Established in 2014, Commeo has 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.

"Commeo's battery system is modular and therefore scalable from kW to MW scale, which makes it suitable not only for commercial and industrial use, but also for utility-scale applications. Commeo will support both industrial clients and the energy grid itself," says Torkil Mogstad, Executive Vice President of Arendals Fossekompani and responsible for building Ampwell.

Headquartered in Wallenhorst, Commeo employs 50 people and reported revenues of EUR 3.5 million in 2021. The company is on a strong growth trajectory and plans to build a new factory.

Arendals Fossekompani acquired 54.9 per cent of Commeo in April and simultaneously established Ampwell. Ampwell will combine hardware from Commeo with competence and technology from AFK portfolio companies Volue and Evolgy, as well as start-up Cellect Energy, to build an eco-system for battery technology and a Battery-as-a-Service business model.

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 utilizing the stored energy in the best possible manner for their customers. The solutions are meant to be agnostic, which means it will be able to connect to several different batteries, independent of manufacturer and technology.

"Energy storage is key in an increasingly volatile energy system where intermittent wind and solar energy is introduced while coal, gas and nuclear energy are phased out. We have high ambitions for our battery storage business and aim to become a leading service provider in a European market that is expected to see tremendous growth the next decade," says Ørjan Svanevik, CEO of Arendals Fossekompani.

"Combining high-end hardware and intelligent software to best utilize the stored energy, Ampwell will help both industrial customers with predictability and efficient energy use, while also securing efficient use of the existing energy grid. Through Ampwell, we aspire to be an even bigger part of the energy solution in
Europe, also providing energy security, while creating substantial shareholder value for Arendals Fossekompani's investors," says Svanevik.

Vergia
Portfolio company

HEADQUARTER	CHARIMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
ARENDAL, NORWAY	ØRJAN SVANEVIK	MORTEN HENRIKSEN	100 %	10	1

FINANCIAL FIGURES, MNOK	Q2 2022	YTD 2022
Operating Revenues		
Operating Profit	-2	-4
Operating Margin	-	-
Earnings before tax (EBT)	-4	-7
Operating cash flow	-3	-3
NIBD	-14	-14
Equity	21	21
Equity Ratio	96%	96%

Established early in 2022, Vergia is an AFK initiative combining all excisting green infrastructure projects and related portfolio companies in a new entity. Vergia is a strategic investment company 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 AFK.

OFFSHORE WIND
Vergia 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 intension 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. Arendals Fossekompani 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. Hydepoint 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, Hydepoint 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 AFK

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
ARENDAL, NORWAY	TORKIL MOGSTAD	TOM KRUSCHE PEDERSEN	100 %	1	1

FINANCIAL FIGURES, MNOK	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating Revenues	5	3	27	7
Operating Profit	-1	-2	-2	-4
Operating Margin	-	-	-	-
Earnings before tax (EBT)	-2	-3	-3	-5
Operating cash flow	-14	-73	-32	-116
NIBD	112	473	112	473
Equity	212	193	212	193
Equity Ratio	51%	26%	51%	26%

AFK Property comprises all property related companies and property investments.

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 right outside the center of Arendal City under the name Bryggebyen.

The transformation 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 initial construction phase in 2020 called for 82 apartments, but due to brisk sales, a second phase of 31 additional apartments was quickly added, bringing the total to 113 units. All 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 in a very short time 38 apartments were sold. Based on this, the decision to start building was made. 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 area 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 km 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 EFD Induction 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
In the second quarter, AFK Property 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 battery 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 30 June a total of 1,077,994 were treasury shares.

The share price on 31 March was NOK 410 and on 30 June NOK 279.

RISK AND UNCERTAINTIES

AFK 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.

Senior executives at AFK bought shares in the company during the quarter. For more details see the published stock market notifications.

OUTLOOK

Following high activity levels in all portfolio companies and the market's estimated power price trends, 2022 revenues and earnings for AFK Group as a whole are expected to be higher than in 2021.

AFK HYDROPOWER

In light of the market's estimated power price trends for 2022, water levels and forecasted production, revenues and operating profit for AFK Hydropower are expected to be higher than 2021, despite lower production compared to the previous year. 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.

VOLUE

Volue's revenues and operating profit for 2022 are expected to be higher than in 2021.

TEKNA

Tekna expects revenues to be higher than 2021, while operating profit is expected to be lower than the previous year.

NSSLGLOBAL

NSSLGlobal expects 2022 revenues and operating profit to be better than 2021.

EVOLGY

Evolgy expects revenues to be higher than 2021, whilst operating profit is expected to be lower than the previous year.

The Board of Directors emphasizes that significant uncertainty is associated with assessments of future circumstances and that the Covid-19 pandemic, the war in Ukraine, supply chain constraints, soaring inflation, rising interest rates, and the development of energy prices give rise to particularly great uncertainty.

Froland, 18 August 2022
The Board of Directors, Arendals Fossekompani ASA

Declaration by the Board of Directors and CEO

The Board of Directors and CEO have today discussed and approved the interim report for the first half and the condensed consolidated financial statements of Arendals Fossekompani ASA as at 30 June 2022 and for the period 1 January – 30 June 2021, including condensed consolidated comparative figures as at 30 June 2021 and for the first six months of 2021.

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

To the best of the knowledge of the Board and the CEO, these interim financial statements for the period 1 January – 30 June 2022 have been prepared in accordance with applicable accounting standards and the disclosures in the financial statements present fairly the Group's assets, liabilities, financial position and performance as at 30 June 2022 and 30 June 2021.

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

Froland, 18 August 2022

Trond Westlie Board Chairman	Morten Bergesen	Didrik Johannes Vigsnæs	Christian Must
Stine Rolstad Brenna	Lise Lindbäck	Anne Grethe Dalane	Ørjan Svanevik CEO

Consolidated statement of profit or loss

Amounts in NOK 1 000	Note	2022 Q2	2022 Q1	2021 Q2	2022 Year to date	2021 Year to date	2021 Full year
Continuing operations							
Sales revenues	6	1 055	1 049	861	2 104	1 724	4 196
Total other Income		6	3	5	9	11	36
Operating revenue		1 062	1 052	866	2 113	1 735	4 232
Cost of sales		353	286	283	639	551	1 585
Total staff cost		390	395	338	786	686	1 422
Total other operating cost	2	177	155	119	332	238	539
Operating expense		920	837	739	1 757	1 475	3 546
EBITDA		141	215	127	356	260	686
Depreciation	2	46	44	46	91	85	171
Amortisation		25	21	4	46	21	58
Impairment loss from PPE	3	-	-	-	-	-	1
Impairment loss from intangible assets	3	-	-		-	-	6
Operating profit		70	149	77	219	155	450
Finance income and finance costs							
Total finance income		40	12	8	53	35	47
Finance cost	3	19	24	21	43	48	153
Net financial items		21	-11	-12	10	-13	-106
Equity company income		-5	-4	-3	-9	-5	-12
Profit before income tax		86	134	61	220	137	332
Provision for income tax		50	98	37	148	84	235
Profit for the period, continuing operations		37	36	25	72	53	97
Profit (-loss) from discontinued operation	5	-		4	-	8	29
Profit for the period		37	36	28	72	61	126
Attributable to:							
Minority interest income		-2	-1	5	-3	14	19
Equity holders of the parent		39	37	24	76	47	107
Basic/diluted earnings per share (NOK)		0,67	0,65	0,52	1,32	1,10	2,29
Statement of comprehensive income							
Profit for the period		37	36	28	72	61	126
FX differences on translation of foreign operations		129	-27	-3	103	-16	-65
Change on Cash flow hedges		3	2	-6	5	-3	-4
Tax on OCI that may be reclassified to P&L		2	-1	1	1		1
OCI that may be reclassified to P&L		134	-25	-7	109	-18	-67
Change in financial assets at fair value through OCI		-0	1	1	1	97	95
Actuarial gains and Losses		0	-	-0	0	-0	6
Tax on OCI that will not be reclassified to P&L		-	-	-	-	-	-1
OCI that will not be reclassified to P&L		-0	1	0	1	97	100
OCI from discontinued operations		-		-4	-	2	
Total Other Comprehensive Income (OCI)		134	-25	-11	110	80	34
Total Comprehensive Income		171	11	18	182	141	160
Attributable to:							
Minority Interest		23	-6	3	16	9	3
Equity holders of the parent		148	18	14	166	132	156
Total Comprehensive Income per share (NOK)		3,11	0,20	0,32	3,32	2,57	2,91

Consolidated balance sheet

Amounts in NOK 1 000	Note	2022 Q2	2022 Q1	2021 Q2	2021 Full year
Assets					
Fixed assets		995	916	977	939
Intangible assets and goodwill		1 869	1 097	1 013	1 092
Investment in equity companies		18	14	5	17
Net pension assets		29	28	27	28
Non-current receivables and investments		265	232	327	264
Deferred tax assets		77	85	110	92
Non-current assets		3 253	2 372	2 459	2 432
Inventories		697	552	818	502
Contract assets		213	187	183	151
Total receivables		914	844	719	1 018
Cash and cash equivalents		2 291	2 960	2 746	2 708
Derivatives - current assets:		25	20	6	11
Financial assets at fair value through OCI		16	16	17	15
Financial assets clas. as held for trading		-	-	-	-
Assets classified as held for sale	5	-	-	650	-
Current assets		4 156	4 580	5 133	4 406
Total assets		7 409	6 952	7 952	6 838
Equity and liabilities					
Common stock		224	224	224	224
Other paid in capital		21	10	8	10
Own shares		-70	-63	-64	-63
Other reserves		55	-64	49	-47
Retained earnings		3 377	3 210	3 210	3 240
Owner's equity		3 608	3 317	3 427	3 364
Minority Interest		643	534	513	545
Total equity	7	4 251	3 851	3 940	3 909
Bond		497	497	497	497
Non-current borrowings		514	264	262	169
Employee benefits		24	24	33	25
Provisions		31	30	38	31
Deferred taxes		66	52	70	53
RoU liabilities, non-current		145	139	154	142
Non-current liabilities		1 279	1 006	1 053	917
Bond		-	-	300	-
Interest and ex rate swap		-	-	93	-
Interest-bearing current borrowings		26	19	350	122
Bank overdraft		52	129	76	114
Derivatives - current liabilities		20	8	3	4
Accounts payable		604	583	464	754
Payable income tax		112	219	76	187
Contract liabilities		348	390	242	167
RoU-liabilities, current		63	58	64	64
Other current liabilities		654	689	502	600
Liabilities classified as held for sale	5	0	-	431	-
Current liabilities		1 879	2 094	2 598	2 012
Total liabilities and equity		7 409	6 952	7 592	6 838

Consolidated statement of cash flows

Amounts in NOK 1 000

	Note	2022 YTD	2021 YTD
Cash flow from operating activities			
Profit for the period, continuing operations		72	53
Adjusted for			
Depreciation, Impairment and Amortization		137	105
Net financial items		-10	14
Equity company income		9	5
Tax expense		148	84
Total after adjustments to net income		355	261
Change in Inventories		-114	-141
Change in trade and other receivables		106	-26
Change in trade and other payables		-179	-136
Change in other current assets		-15	-12
Change in other current liabilities		124	167
Change in other provisions		1	0
Change in employee benefits		-2	-2
Total after adjustments to net assets		277	112
Tax paid		-175	-38
Net cash from operating activities	A	102	74
Cash flow from investing activities			
Interest received etc.		12	-2
Dividends received		3	3
Proceeds from sales of PPE		3	1
Purchase of PPE and intangible assets		-130	-114
Purchase of financial assets at fair value			-9
Proceed from sale of financial assets at fair value			834
Purchase of other investments		-68	-34
Proceed from sale of other investments		6	3
Purchase of shares in subsidiaries		-131	-6
Proceeds from the sales of shares in subsidiaries		3	990
Net cash from investing activities	B	-301	1 665
Cash flow from financing activities			
Equity payments from/to non controlling interests		-1	654
New long-term borrowings		109	542
Repayment of long-term borrowings		-111	-255
Cash Flow from Payment of loans		4	-1
Cash Flow from Net change in current interest bearing debt		-117	120
Interest paid etc.		-33	-26
Dividend paid		-126	-1 706
Cash Flow from Own Shares		4	0
Net cash from financing activities	C	-273	-672
Cash Flow	A+B+C	-472	1 067
Opening Balance for Cash asset		2 708	1 688
Total effect from FX on non-Cash accounts		55	-9
Closing Balance for Cash asset		2 291	2 746

Profit or loss Parent Company

Amounts in NOK 1 000

	Note	2022 Q2	2022 Q1	2021 Q2	2022 Year to date	2021 Year to date	2021 Full year
Sales revenue		82	169	60	251	136	371
Total other income		4	3	2	7	6	12
Operating revenue		86	172	63	258	142	382
Cost of sales		-2	-4	0	-6	2	2
Total staff cost		14	17	18	31	35	66
Total other operating cost		18	29	11	47	30	65
Operating expense		29	43	29	72	67	134
EBITDA		56	129	34	186	75	249
Depreciation		3	3	3	6	5	11
Amortisation		0	-	0	1	1	2
Operating profit		53	126	31	179	69	236
Finance income and finance costs							
Total finance income	8	298	264	85	561	1 148	1 471
Finance cost		5	11	16	17	33	125
Net financial items		292	252	68	545	1 115	1 345
Profit before taxes		345	378	99	724	1 185	1 581
Provision for income tax		46	82	21	127	52	159
Profit for the period		300	297	78	596	1 133	1 422
Attributable to:							
Equity holders of the parent		300	297	78	596	1 133	1 422
Basic/diluted earnings per share (NOK)		5,46	5,41	1,43	10,86	20,63	25,90
Statement of comprehensive income							
Profit for the period		300	297	78	596	1 133	1 422
Change in financial assets at fair value through OCI		-0	1	1	1	97	95
Actuarial gains and Losses		-	-	-	-		3
Tax on OCI that will not be reclassified to P&L		-	-	-	-		-1
OCI that will not be reclassified to P&L		-0	1	1	1	97	97
Total Other Comprehensive Income (OCI)		-0	1	1	1	97	97
Total Comprehensive Income		299	298	79	597	1 229	1 519
Attributable to:							
Equity holders of the parent		299	298	79	597	1 265	1 519
Total Comprehensive Income per share (NOK)		5,45	5,42	1,44	10,87	22,40	27,67

Balance sheet Parent Company

Amount in MNOK	Note	2022 Q2	2022 Q1	2021 Q2	2021 Full year
Assets					
Fixed assets		167	168	172	170
Intangible assets and goodwill		10	10	12	11
Investment in sub		1 724	1 599	1 738	1 628
Intra-group loans		643	5	5	5
Net pension assets		14	14	10	14
Non-current receivables and investments		184	148	245	174
Deferred tax assets		27	42	66	42
Non-current assets		2 769	1 987	2 248	2 043
Total receivables		113	125	130	159
Cash and cash equivalents		1 043	1 584	1 564	1 411
Financial assets at fair value through OCI		16	16	17	15
Current assets		1 172	1 726	1 711	1 585
Total assets		3 941	3 712	3 959	3 629
Equity and liabilities					
Common stock		224	224	224	224
Other paid in capital		21	10	8	10
Own shares		-70	-63	-64	-63
Other reserves		1	1	2	1
Retained earnings		2 992	2 745	2 757	2 700
Owner's equity		3 168	2 917	2 928	2 872
Total equity		3 168	2 917	2 928	2 872
Bond		497	497	497	497
Non-current borrowings		103	-0	-1	-1
Employee benefits		6	6	7	7
Provisions		10	10	-	10
RoU liabilities, non-current		14	15	16	15
Non-current liabilities		631	528	519	529
Bond		-	-	300	-
Interest and ex rate swap		-	-	93	-
Accounts payable		24	57	18	52
Payable income tax		68	165	35	112
Current interest-bearing liabilities, IC		36	36	35	36
RoU-liabilities, current		4	4	3	4
Other current liabilities		11	5	29	24
Current liabilities		142	267	513	228
Total liabilities and equity		3 941	3 712	3 959	3 629

Statement of cash flows Parent Company

Amount in MNOK	Note	2022 YTD	2021 YTD
Cash flow from operating activities			
Profit for the period, continuing operations		596	1 133
Adjusted for			
Depreciation, Impairment and Amortization		7	6
Net financial items		-545	-1 115
Tax expense		127	52
Total after adjustments to net income		186	75
Change in trade and other receivables		25	1
Change in trade and other payables		-26	-0
Cash flow form Internal Accounts Payable and Receivable		41	1
Change in other current liabilities		-7	4
Change in employee benefits		-1	-1
Total after adjustments to net assets		218	81
Tax paid		-105	-7
Net cash from operating activities	A	113	74
Cash flow from investing activities			
Interest received etc.		10	3
Dividends received		97	87
Purchase of PPE and intangible assets		-3	-6
Purchase of financial assets at fair value		-	-9
Proceed from sale of financial assets at fair value		0	824
Purchase of other investments		-68	-19
Purchase of shares in subsidiaries		-47	-32
Proceeds from the sales of shares in subsidiaries		166	1 133
Net cash from investing activities	B	155	1 981
Cash flow from financing activities			
New long-term borrowings		103	497
Repayment of long-term borrowings		-2	-224
Cash Flow from Internal Loans and Borrowings		-638	167
Interest paid etc.		-24	-12
Group Contribution Received / Paid		22	-
Dividend paid		-102	-1 685
Cash Flow from Own Shares		4	0
Net cash from financing activities	C	-636	-1 257
Cash Flow	A+B+C	-368	799
Opening Balance for Cash asset		1 411	766
Closing Balance for Cash asset		1 043	1 564

Notes to interim report for Q2 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 IFRSs 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 30 June 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.

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 is eliminated in consolidated profit or loss but is shown as paid-in capital in Note 8 Equity.

Note 5 Sale of subsidiary

Amount in MNOK

SALE OF COGEN ENERGIA ESPANA IN 2021
In July 2021 Arendals Fossekompani 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 and 2020 are presented below.

	2021 Q2	2021 Full year
Operating revenues and operating costs		
Operating revenue	281	281
Operating expense	263	262
Depreciation	9	9
Operating profit	9	9
Net financial items	-2	-2
Profit before taxes	8	8
Provision for income tax		
Net income from discontinued operations	8	8
Profit from the sale of Cogen Energia Espana		21
Net discontinued operations income (after tax)	8	29
Basic/diluted earnings per share (NOK)	0,14	0,53
Balance sheet		
Non-current assets	378	-
Current assets	271	-
Assets classified as held for sale	650	-
Non-current liabilities	171	-
Current liabilities	250	-
Liabilities classified as held for sale	431	

Note 6 Segment reporting per 30.06

Amount in MNOK

	ENERGY SALES		ADMINISTRATION		VOLUE		NSSL GLOBAL		EVOLGY	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total sales at a point in time	251	136	-	-	110	172	506	433	319	224
Total sales over time	-	-	-	-	473	317	-	-	288	323
Total other Income	0	0	7	6	0	-0	0	4	2	4
Operating revenue	251	136	7	6	584	489	507	437	609	552
Operating expense	26	37	46	30	505	433	370	346	566	499
Depreciation, amortization, impairment	4	4	3	2	53	46	23	21	31	26
Operating profit	221	96	-42	-27	26	10	113	70	13	26
Equity company income	-	-	-	-	-	-	-	-	-	-
Net financial items	-	-	545	1 115	1	1	-0	-1	-4	-6
Provision for income tax	110	59	17	-7	10	7	23	16	10	9
Continuing operations income	111	37	485	1 096	17	4	90	53	-1	12
Total assets	236	234	3 705	3 725	1 626	1 498	829	732	1 681	1 006
Total liabilities	98	59	675	973	840	760	380	353	1 235	643
Net interest bearing debt	-	-	-1 122	-762	-460	-473	-306	-221	450	95

	TEKNA		ALYTIC		PROPERTY		VERGIA		AMPWELL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total sales at a point in time	78	64	18	12	21	2	-	-	17	-
Total sales over time	24	39	-	-	-	-	-	-	-	-
Total other Income	3	1	-	0	6	5	-	-	0	-
Operating revenue	104	105	18	13	27	7	-	-	18	-
Operating expense	158	115	33	14	22	6	4	-	33	-
Total depreciation, amortization and impairment	14	4	2	1	6	6	-	-	4	-
Operating profit	-68	-14	-17	-2	-2	-4	-4	-	-20	-
Equity company income	-5	-5	-	-	-	-	-3	-0	-	-
Net financial items	-6	3	-0	-0	-1	-1	-0	-	-7	-
Provision for income tax	-	-1	-0	0	1	0	-	-	-0	-
Continuing operations income	-79	-15	-17	-3	-4	-5	-7	-0	-27	-
Total assets	633	711	154	95	420	753	22	16	491	-
Total liabilities	128	97	35	21	208	560	-2	-	416	-
Net interest bearing debt	-112	-268	-38	-32	112	473	-16	-15	308	-

	ELIMINATIONS		TOTAL	
	2022	2021	2022	2021
Total sales at a point in time	0	1	1 320	1 045
Total sales over time	-	-	784	680
Total other Income	-10	-10	9	11
Operating revenue	-11	-9	2 113	1 735
Operating expense	-6	-4	1 757	1 475
Depreciation, amortization, impairment	-4	-4	137	106
Operating profit	-1	-1	219	155
Equity company income	-	-	-9	-5
Net financial items	-517	-1 124	10	-13
Provision for income tax	-22	0	148	84
Continuing operations income	-496	-1 126	72	53
Total assets	-2 418	-1 178	7 379	7 592
Total liabilities	-887	185	3 126	3 652
Net interest bearing debt	-0	-0	-1 185	-1 204

Note 7 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	2 680	3 552	303	3 856
Net Profit for the Period	-	-	-	-	47	47	14	61
Total Other Comprehensive Income (OCI)	0	-	-	85	1	85	-5	80
Gain from sale of shares in subsidiaries	-	-	-	-	1 042	1 042	-	1 042
Realization of financial asset at fair value through OCI	-	-	-	-798	798	-	-	-
Other changes from DS	-	-	-	3	395	397	230	627
Dividends paid	-	-	-	-	-1 697	-1 697	-28	-1 725
Closing balance at 30.06	224	8	-64	-6	3 265	3 427	514	3 940
2022								
Opening balance at 01.01	224	10	-63	-47	3 240	3 364	545	3 909
Net Profit for the Period	-	-	-	-	78	78	-5	72
Total Other Comprehensive Income (OCI)	-0	-0	-	90	-1	88	22	110
Own shares	-	11	-7	-	-0	4	-	4
Gain from sale / dividend in kind of shares in subsidiaries	-	-	-	-	326	326	-	326
Other changes from DS	0	-0	-	13	43	54	105	159
Dividends paid	-	-	-	-	-305	-305	-24	-329
Closing balance at 30.06	224	21	-70	55	3 380	3 608	643	4 251

Note 8 Finance income, Parent Company

Amount in MNOK

	2022 YTD	2021 YTD
Interest income, I/C	2	3
Interest income	9	3
Currency exchange income	29	14
Gain on partial sale of subsidiaries	164	1042
Gain on divdend in kind of shares in subsidiaries	163	
Dividend income	3	3
Dividend income I/C	193	84
Total	561	1148

Alternative Performance Measures

Volue 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:

Volue:
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 Volue 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.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