

# Arendals Fossekompani

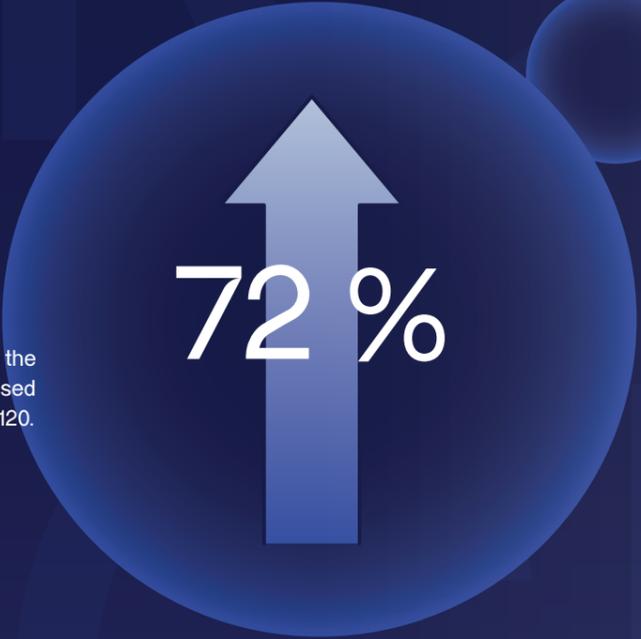
## Interim Report

Q3 2021

# Sales. Results. Dividends.

## Consolidated top-line growth

The third quarter top-line is 72% higher than in the same quarter last year. Operating profit increased by 94 % year-on-year from MNOK 62 to MNOK 120.



72 %

## Electricity prices at record levels

The average price of electricity was NOK/kWh 0.807 in the third quarter, 15 times higher than the average spot price in Q3 2020.



## CO2-emission reduced by 98 %

The sale of Cogen Energia in Spain is part of a strategic move on Arendals Fossekompani's part, to exit all fossil fuel positions. The transaction was finalized in the third quarter. As a result of the divestment, AFK Group CO2 emissions were cut by 98 %.

## Dividend to be paid in November

Arendals Fossekompani will pay a quarterly dividend of NOK 0.85 per share on 25 November.

**NOK 0.85**  
per share



## Major turnaround for EFD Induction

Based on a successful turnaround in 2020, EFD Induction reports solid top-line growth and operating profits for the fourth consecutive quarter. With a strong momentum within the offshore wind and electric vehicle segments, EFD Induction secured high order intake during the quarter.

Financial highlights  
Q3 2021

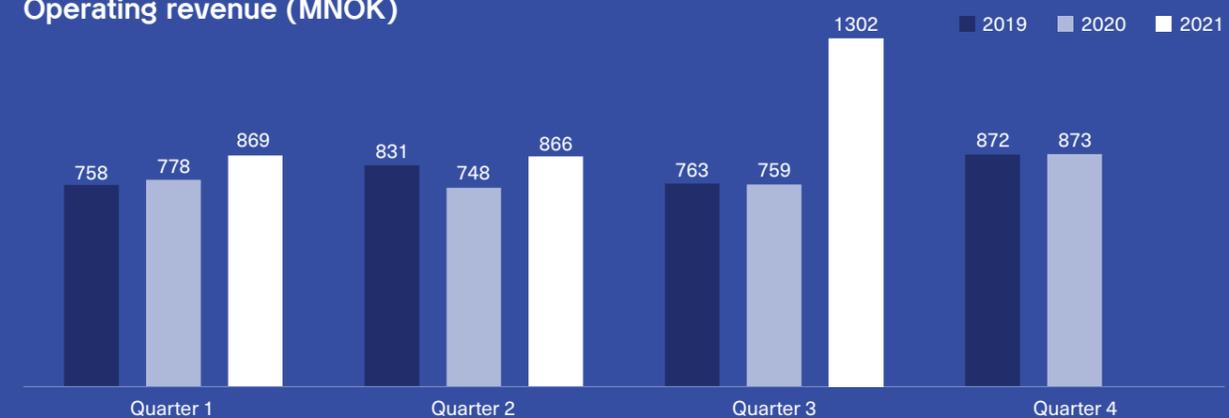
# Sales. Profits. Margins.

KPIs for AFK consolidated, continuing operations

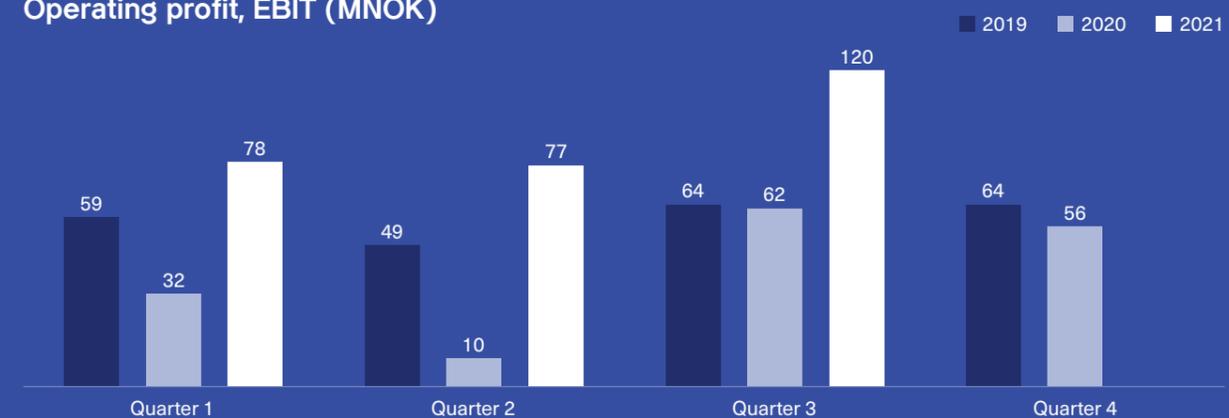
	Q3	Q3	YTD	YTD
MNOK	2021	2020	2021	2020
Operating revenue	1 302	759	3 037	2 284
Operating profit	120	62	274	105
Margin	9%	8%	9%	5%
<b>Operating profit by company</b>				
Parent Company	41	-12	110	-28
Volue	10	23	20	71
NSSLGlobal	45	38	115	119
EFD Induction	26	27	52	-4
Tekna	-22	-9	-36	-40
Other business	20	-5	13	-12
Operating profit	120	62	274	105
Profit before income tax	102	48	239	59

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

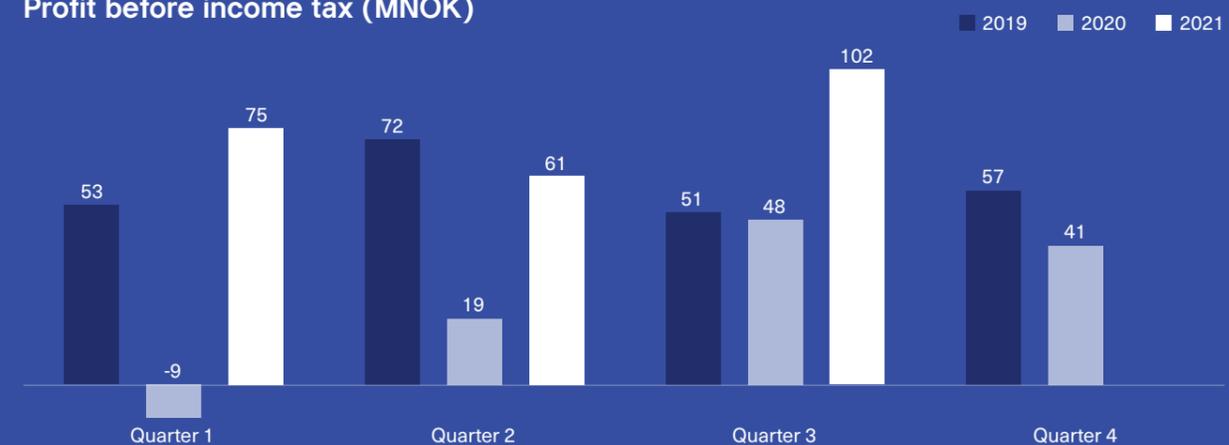
Operating revenue (MNOK)



Operating profit, EBIT (MNOK)



Profit before income tax (MNOK)



ESG in AFK

Sustainability is not a megatrend. It is what we are, and what we do.

## CO<sub>2</sub>-EMISSIONS REDUCED BY 98 %

Following the sale of Cogen Energia, total CO<sub>2</sub>-emissions in the AFK Group are reduced by 98 per cent.

The sale of Cogen Energia is part of a strategic move on Arendals Fossekompáni's part, to exit all fossil fuel positions.

In January 1896, Arendals Fossekompáni was established to harness the energy from an everlasting natural resource; water.

125 years later, we remain a proud producer of hydropower. Acting in accordance with nature, is part of our DNA. For us, sustainability is not a megatrend, it is what we are, and what we do. We honor a proud heritage based on the belief that natural resources also belong to future generations.

But Arendals Fossekompáni is more than a producer of hydropower. We are the owner of energy and technology companies which enable the transition to a green economy. We seek a sustainable market to support a sustainable world.

At Arendals Fossekompáni we value our employees. Our goal is to be a preferred employer with a motivated workforce. We believe that being part of a bigger purpose, working for a more sustainable world, brings more value and motivation to our employees.

ESG is also about turning a profit. By developing sustainable products and services, we ensure long-term value creation for shareholders, employees and society. Our portfolio companies help their customers utilize their resources in a more sustainable way, and provide technology, systems and solutions that make energy from renewable sources increasingly accessible and usable.

Arendals Fossekompáni established its own sustainability team in 2020. The team is cross-functional with four members, all of whom work together on strategic improvement projects related to sustainability. The team is headed by the ESG Director, who forms part of the Executive Management Team reporting directly to the Board of Directors of AFK.

Following the materiality analysis, climate risk analysis, and improved governance and reporting structures, all conducted in 2020, several improvements have been achieved. However, the overall target is to integrate ESG in our daily operating model, both for AFK and our portfolio companies.

Our work within compliance and improvement of policies and guidelines, is according to the OECD Guidelines for Multinational Enterprises. The OECD Guidelines are also supported by the investment strategy in M&A processes and AFK's Green Bond Framework.

# Arendals Fossekompani

## AFK

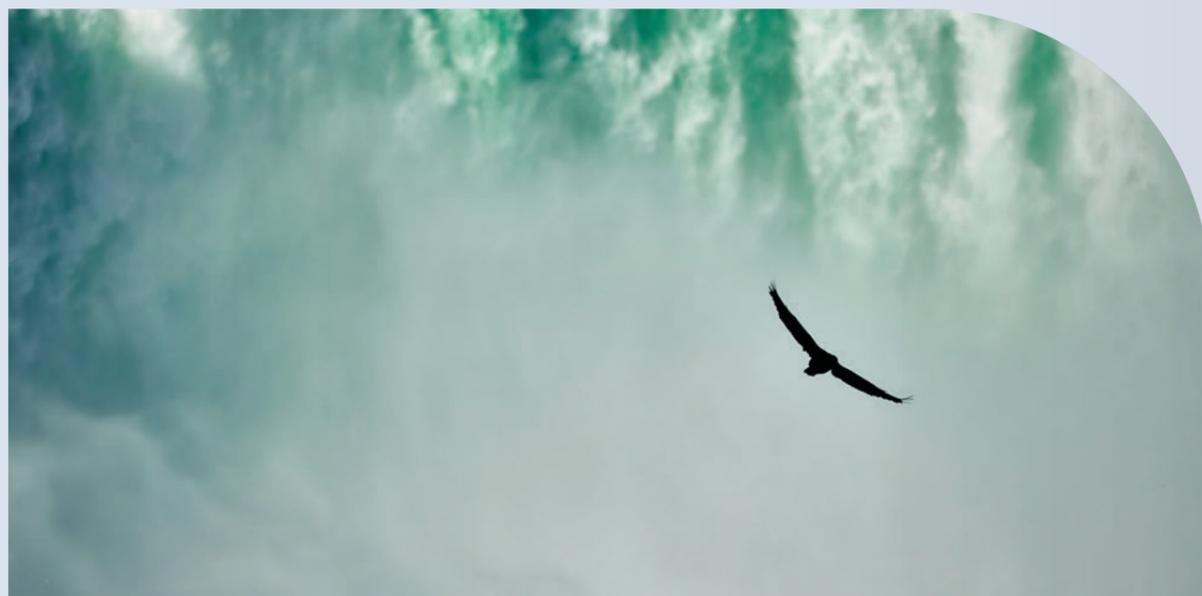
HEADQUARTER  
ARENDAL, NORWAY

CHAIRMAN  
JON HINDAR

CEO  
ØRJAN SVANEVIK

EMPLOYEES  
2,100

COUNTRIES  
26



### AFK Group

FINANCIAL FIGURES, MNOK	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	1 302	759	3 037	2 284
Operating profit (EBIT)	120	62	274	105
Operating margin	9%	8%	9%	5%
Earnings before tax (EBT)	102	48	239	59
Operating cash flow	-10	-67	62	60
NIBD	-1 293	-25	-1 293	-25
Equity	3 958	3 005	3 958	3 005
Equity ratio	58%	49%	58%	49%

Arendals Fossekompani (AFK) is an industrial investment company holding 7 core investments and a portfolio of financial investments. These operations employ 2,100 people in total. 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 – Q3 2021

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

*In view of the ongoing Covid-19 pandemic, the Board of Directors and executive management of the AFK companies have taken strong measures to safeguard employees, partners and customers of the portfolio companies.*

Total operating revenues for continued operations amounted to NOK 1,302 million (759 million) in the third quarter and as at 30 September to NOK 3,037 million (2,284 million). Consolidated earnings before tax came in at NOK 102 million (48 million) for the quarter and as at 30 September at NOK 239 million (59 million). Ordinary profit after tax, but before non-controlling interests for continued operations, totalled NOK 66 million (31 million) for the quarter and as at 30 September amounted to NOK 119 million (37 million).

Other comprehensive income amounted to NOK -310 million (-55 million) for the quarter and as at 30 September to NOK -230 million (-187 million). The differences compared with the previous year primarily relate to foreign currency translation differences. The Group's total comprehensive income for the quarter came in at NOK -222 million (12 million) and as of 30 September at NOK -82 million (-105 million).

The AFK group of companies continues the solid operational performance delivering a consolidated top-line growth of 72% and operating profit growth of 94% year-on-year in the third quarter.

The solid operating profit in the quarter was mainly driven by significantly higher electricity prices in the Nordics and strong operational performance in all portfolio companies. In addition, AFK Property booked the sales of the first phase of the property development project Bryggebyen, totalling NOK 428 million, in the quarter.

Based on a successful turnaround in 2020, EFD Induction reports solid top-line growth and strong operating profits for the fourth consecutive quarter. The market is still characterized by gradual improvements from Covid-19 and supply chain constraints. However, based on strong momentum within the offshore wind and electric vehicle segments, EFD Induction secured high order intake in the quarter.

Tekna increased Additive Manufacturing production capacity in the third quarter amid strong global demand and sales accelerating in Europe. An additional atomizer began to operate in Canada, increasing, along with productivity improvements, production capacity by 25% at the end of the quarter. The outlook for Additive Manufacturing, which accounts for approximately 60% of the Tekna's total revenue, remains very positive.

While successfully defending against a cyber attack in the second quarter, Volue's annual recurring revenues (ARR) business is delivering strong financial performance in the quarter. New SaaS business contributed strongly with a growth of 72% from third quarter 2020, confirming steady progress of the ongoing SaaS transformation. Consulting services revenues were picking up to full speed towards the end of the quarter after a somewhat slower start. The company recorded very strong sales closing in the quarter with 600 smaller and larger sales closed.

#### Development last 5 quarters



NSSLGlobal reports strong sales and operating profit in the quarter, as well as solid order intake. The company won new contracts totalling GBP 4.8 million in the quarter, in addition to signing a long-term strategic agreement to collaborate on the commercial and technical aspects of Telesats's new Low Earth Orbit (LEO) constellation, Telesat Lightspeed. The company's long-term backlog provides a stable outlook going forward.

As a result of record-high electricity prices in the Nordics, AFK Hydropower contributed with substantial revenues and solid operating profit in the quarter. The average price of electricity in Price Area NO2 was NOK 0.807/kWh (NOK 0.052/kWh) in the third quarter, 15 times higher than the average price in the third quarter last year, lifting revenues from AFK Hydropower to NOK 68 million (6 million) and operating profit to NOK 41 million (-12 million). Total revenues as per 30 September are tripled compared to the entire year of 2020.

On 28 July AFK announced the agreement with European energy company MET Group for the sale of 100% of the shares in Cogen Energia Espana. Fully owned by AFK since 2011, Cogen Energia is recognized as a premier player in the Spanish cogeneration market. The sale of Cogen Energia is part of AFK's corporate strategy to exit all fossil fuel positions. With this divestment AFK Group has reduced its total CO2 emissions by 98%. The closing of the transaction took place in the third quarter and AFK has recorded a minor profit. For further information, please refer to note 6.

On 31 August AFK announced that Alytic AS, a subsidiary of AFK, had acquired a majority stake in Greenfact AS, a European company within green energy data analysis. Alytic was established by Arendals Fossekompani a year ago, to transform data-driven companies in various sectors. Greenfact is the third company in the Alytic portfolio, following the earlier acquisitions of Kontali and Utel Systems.

The AFK parent company's financial position remains solid. The company's net cash position as of 30 September amounted to NOK 909 million. In addition, the company has undrawn credit facilities of NOK 2,000 million, securing net available liquidity of NOK 2,909 million as per end of the quarter.

**EVENTS AFTER THE CLOSE OF THE QUARTER**

On 11 November the Board of Directors decided to pay an ordinary cash dividend of NOK 0.85 per share for the third quarter 2021. The dividend is set to be paid on 25 November.

On 1 October Volue announced the closing of the acquisition of German ProCom GmbH. By this acquisition Volue strengthens its position as the leading technology provider for the European energy industry, offering products and services along the entire clean energy value chain. The agreement to acquire 100% of ProCom GmbH was announced in July. Volue will add three million euros in annual recurring revenues, approximately 60 employees, and over 60 customers to its business through the acquisition.

**OUTLOOK**

In light of the market's estimated power price trend for 2021, revenues and operating profit for AFK Hydropower are expected to be considerably higher in 2021 than in 2020.

Following high activity levels in all portfolio companies, 2021 revenues and earnings for AFK as a whole are expected to be better than in 2020.

As the AFK portfolio companies are positioned within attractive mega trends, AFK expects continued growth in 2022. Electricity prices are expected to remain at a high level. AFK expects no significant income from property development next year.

Due to the ongoing pandemic, there is a higher degree of uncertainty associated with the 2021/2022 outlook.

**SHARE PRICE**

Following the AFK share split on 20 November 2020, in which each share was split into 25 shares, there is a total of 55,995,250 shares in the company. The share price on 31 December was NOK 184 and on 30 September NOK 309, an increase of 68% in the period. Including direct yield (dividend payouts) in the same period, total increase in shareholder value has been 85% in the first three quarters of 2021.

The trading volume in the third quarter was approximately 690,000 shares, which is approximately 40% higher than in the same quarter in 2020.

AFK total shareholder return, including dividend, during the last 10 years is on average (CAGR) 32 per cent per year. This translates to a return of 16 times the investment in the period.

Share price development of Arendals Fossekompani ASA (incl. dividend reinvested) – Last 10 years



# AFK

## Assets

### volue

AFK ownership  
60.1%

Market cap (30.09)  
6,892 MNOK

Headquarter  
Oslo, Norway

Listed at  
Oslo Børs

### TEKNA

AFK ownership  
79.8 %

Market cap (30.09)  
4,734 MNOK

Headquarter  
Sherbrooke, Canada

Listed at  
Euronext Growth, Oslo



AFK ownership  
98.7 %

Headquarter  
Skien, Norway



AFK ownership  
80 %

Headquarter  
London, UK

### alytic

AFK ownership  
100 %

Headquarter  
Arendal, Norway

Arendals Fossekompani is the majority owner of five international portfolio companies and two Norwegian hydropower plants. AFK also holds positions in several green energy companies, and is a developer of property projects.

### AFK | Hydropower

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

Bøylefoss  
Flatenfoss

### AFK | Green Energy Development

AFK develops two sustainable energy companies within offshore wind (partnering with Ferd AS) and ammonia (partnering with Grieg Maritime Group AS), and also invests in solar power and batteries.

Seagust  
North Ammonia  
Norsun  
Beyonder

### AFK | Property

Bryggebyen in Arendal is the largest of several AFK property development projects. When finalized, Bryggebyen will have transformed a former wharf into a new residential area.

Bryggebyen  
Gullknapp

# AFK Parent Company Hydropower & Management



**AFK Parent Company**

FINANCIAL FIGURES, MNOK	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	68	6	210	44
Operating profit (EBIT)	41	-12	110	-28
Operating margin	60%	-205%	52%	-64%
Earnings before tax (EBT)	354	56	1538	86
Operating cash flow	50	-12	124	-64
NIBD	-909	-167	-909	-167
Equity	2 953	2 919	2 953	2 919
Equity ratio	82%	77%	82%	77%

HYDROPOWER (extracted from AFK Parent Company financial figures), MNOK	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	66	4	202	38
Operating profit (EBIT)	49	-6	145	-6
Operating margin	74%	-	72%	-
Earnings before tax (EBT)	49	-6	145	-6
Profit for the period	20	0	57	1

AFK Parent Company comprises the AFK Group Management located at the headquarters in Arendal and AFK Hydropower located in Froland.

AFK Hydropower produces electricity in the Arendal watercourse. The Bøylefoss and Flatenfoss hydropower stations produce in excess of 500 GWh annually.

AFK Group Management focuses on the development of new sustainable business opportunities, active ownership of portfolio companies, power generation, property projects and management of financial investments.

**HIGHLIGHTS OF Q3 2021**

Production in the quarter was around normal levels. Although precipitation in the period was lower than normal, operational pressure remained high due to the high prices in the spot market. Electricity prices in southern Norway rose in the third quarter due to strong prices for coal, gas and CO2, lifting the European prices. This together with the NO2 price area facing a strong deficit in hydro reservoir levels due to low inflow and stronger export to the UK after commissioning of a new North Sea Link, trigger relatively strong connection to the high European prices. The plants had some interruptions due to planned maintenance and inspections during this quarter.

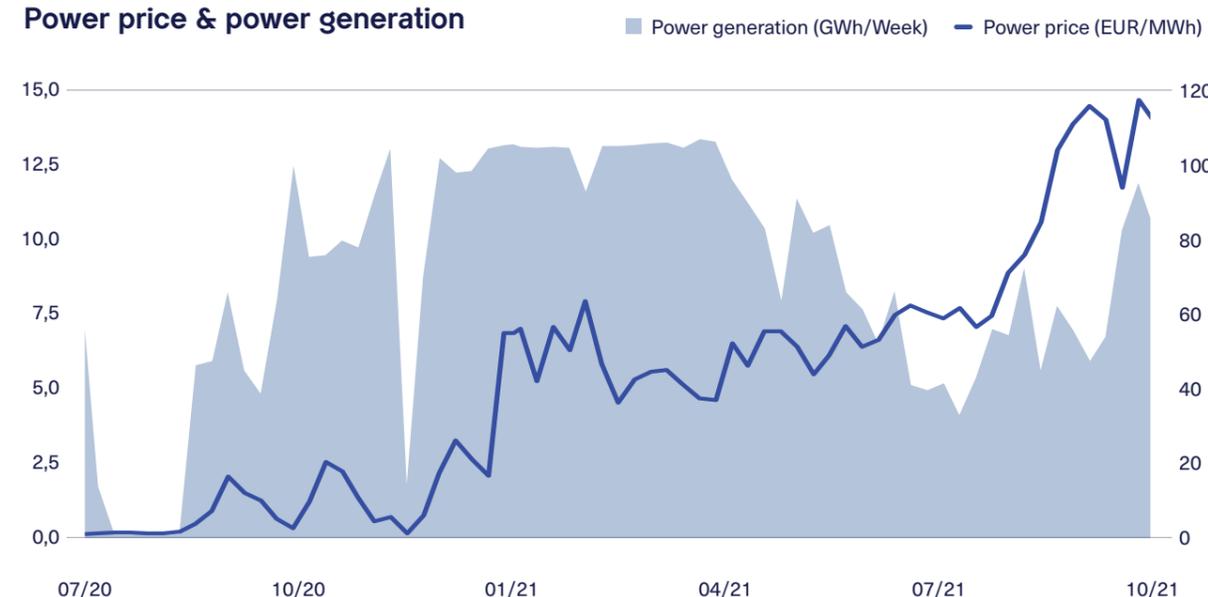
The figure below shows the power price (NO2) and power generation for Arendals Fossekompani per week for the period 30/06/2020 – 30/09/2021.

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

The AFK parent company's financial position remains solid. The company's net cash position as at 30 September amounted to NOK 909 million. In addition, the company has undrawn credit facilities of NOK 2,000 million, securing net available liquidity of NOK 2,909 as per end of the quarter.

Power generation in the third quarter amounted to 83,6 GWh (52,5 GWh). The average spot price in the NO2 price area was NOK 0.807/kWh (NOK 0.052/kWh). AFK has a defined strategy of selling hydropower production in the day-ahead (spot) market. Precipitation and inflow in the first nine months of 2021 was respectively around 88% and 77% of the norm for the watercourse.

**Power price & power generation**



# Volue

## Portfolio company

**HEADQUARTER**  
OSLO, NORWAY

**CHAIRMAN**  
ØRJAN SVANEVIK

**CEO**  
TROND STRAUME

**OWNERSHIP AFK**  
60.1%

**EMPLOYEES**  
700

**COUNTRIES**  
8



**FINANCIAL FIGURES, MNOK**

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	239	209	729	652
Operating profit (EBIT)	10	23	20	71
Operating margin	4%	11%	3%	11%
Earnings before tax (EBT)	10	19	21	66
Operating cash flow	-62	-82	59	101
NIBD	-383	-271	-383	-271
Equity	752	417	752	417
Equity ratio	52%	41%	52%	41%

Serving more than 2,200 customers in 40+ countries, Volue is a leading supplier of technology and enabler of the green transition. Volue is working across three major industry segments: energy, power grid and infrastructure. With 50 years of green technology expertise, Volue offers software solutions, systems and market insight that optimise production, trading, distribution and consumption of energy, as well as infrastructure and construction projects. Volue provides critical services to infrastructure paving the way for a clean, flexible, reliable and profitable energy future.

**VOLUE CONTINUES TO GROW ARR BUSINESS**

Volue's annual recurring revenues (ARR) business delivered strong financial performance in the third quarter. New SaaS business contributed strongly with a growth of 72 % from the third quarter of 2020, confirming steady progress of the ongoing SaaS transformation. Consulting services revenues were picking up to full speed towards the end of the quarter after a somewhat slower start. The company recorded very strong sales closing in the quarter with 600 smaller and larger sales closed.

After quarter end, Volue announced final closing of the ProCom acquisition with a preliminary purchase price of EUR 3.25 million, partly settled through cash and issue of new shares. ProCom is headquartered in Aachen, Germany and a market leader for optimisation in the DACH region with 60+ clients and ARR of EUR 3 million. A 100-day post-merger integration program has been initiated with ProCom becoming part of the Energy segment.

**HIGHLIGHTS OF Q3 2021**

Total operating revenues in the quarter amounted to NOK 239 million (209 million) and year to date as of 30 September, NOK 729 million (652 million). Earnings before tax for the quarter totalled NOK 10 million (19 million) and as of 30 September NOK 21 million (66 million).

The revenue growth year on year was mainly driven by the Energy Segment, increasing by 28%. European expansion continues to be the main driver for growth through new markets and solution such as trading, optimisation, forecast and analyses. Sales closings were strong also in third quarter, and annual recurring revenue increased by 15% compared to third quarter 2020.

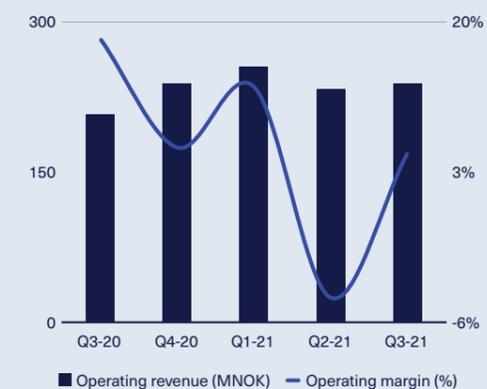
The company delivered significant growth in SaaS revenues of 72% from third quarter last year. Volue sees a continued strong market outlook and is expanding its international footprint by establishing presence in Japan, a major market with several opportunities to build a leading position.

EBIT for the period is somewhat down from corresponding quarter last year, reflecting increasing R&D spend and skewed consulting revenue pick up.

**OUTLOOK 2021**

Volue continued the positive development in the third quarter of 2021 and has a solid position for profitable growth and expansion. The ambition is to create a NOK 2 billion revenue company by 2025, with the following additional mid- to long-term targets: 15% annual organic revenue growth, SaaS revenues share of more than 50%, recurring revenues towards 80% and an adjusted EBITDA margin towards 30%.

**Development last 5 quarters**



# Tekna Holding

## Portfolio company

**HEADQUARTER**  
SHERBROOKE, CANADA

**CHAIRMAN**  
ØRJAN SVANEVIK\*\*

**CEO**  
LUC DIONNE

**OWNERSHIP AFK**  
80.6%

**EMPLOYEES**  
176

**COUNTRIES**  
4



FINANCIAL FIGURES, MNOK*	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Sales	39	45	142	103
Operating profit (EBIT)	-31	-9	-45	-40
Operating margin	-	-	-	-
Earnings before tax (EBT)	-37	-11	-53	-47
Operating cash flow	-38	-2	-85	-28
NIBD	-234	315	-234	315
Equity	576	6	576	6
Equity ratio	89%	1%	89%	1%

\* Currency rates (NOK/CAD): End Q3 2021: 6.89 / Average Q3 2021: 6.83 / Average Q3 2020: 7.04.  
\*\* On 24 November, an Extraordinary General Meeting will be presented with a proposal to appoint Morten Henriksen as Chairman of the Board.

Tekna is a world-leading provider of advanced materials for 3D printing in the aerospace, medical and automotive sectors and is well positioned in the growing market for advanced nanomaterials within the global electronics and batteries industries.

### ACCELERATED PRODUCTION CAPACITY IN Q3

Tekna increased Additive Manufacturing production capacity in the third quarter amid strong global demand and sales accelerating in Europe. An additional atomizer began to operate in Canada, increasing, along with productivity improvements, production capacity by 25% at the end of the quarter. The outlook for Additive Manufacturing, which accounts for approximately 60% of the Tekna's total revenue, remains very positive.

In the Printed Electronics segment, the qualification of customers developed positively and Tekna is on track to secure its first commercial customer in 2022. Tekna has initiated talks with industrial scale-up partners in Asia and gained a new pipeline customer entry in Taiwan. Tekna is pursuing negotiations to lease a production facility in Sherbrooke, Canada, which would provide capacity of up to 25 tons of powder annually by 2023.

In the Energy Storage segment, Tekna's development is progressing according to schedule, industrial-pilot capacity ready in early 2022. Discussions are ongoing with LG Chem on a second potential joint development agreement.

Tekna launched its PlasmaSonic product line, targeting civil aviation in the orbital space and hypersonic flight industry, which has an estimated size of CAD 270 billion.

### HIGHLIGHTS OF Q3 2021

Total operating revenues in Q3 amounted to MCAD 5.6 (6.5 million). Total revenue was affected by lower systems revenue (42% decrease), which is returning to guided yearly run-rates in Q4. The total order backlog stood at a solid CAD 12 million, of which CAD 8.0 million (5.2 million) for materials, which represents a 57% increase.

Materials revenue in Q3 grew 10% from Q3 2020, with 77% of sales generated from recurring customers. Tekna's most popular Additive Manufacturing powder sold out and the company focused on securing inventory for strategic customers. Year-to-date total revenue and materials revenue improved 43% and 40% respectively over 2020.

Tekna is operating an additional plasma system that, along with productivity improvements, will increase capacity by 25% and address the growing demand of its customers.

### OUTLOOK 2021

Tekna is well positioned for profitable growth and has a proven track-record of scalability, with about 80% recurring sales. Revenues are driven by global megatrends, led by accelerating demand for high-quality micro and nano materials, and a growing market share due to the uniqueness of the materials produced. Tekna can maintain solid margins due to its scalable business model and high contribution margins.

The company has an ambition to grow 2020 materials revenues of CAD -13 million to a run-rate of CAD -22 million in 2021.

Tekna targets mid- to long-term total revenue CAGR of 40-50%, with an EBITDA margin of around 25%, enabling the company to deliver high returns.

For 2030, the company has set the following targets:

- Additive Manufacturing (AM) sales will drive Tekna revenues up to CAD 500 million by 2030
- The Printed Electronics (PE) segment will generate CAD 380 million by 2030
- The Energy Storage (ES) segment will generate CAD 1 billion by 2030



# NSSLGlobal

## Portfolio company

HEADQUARTER  
SURREY, UK

CHAIRMAN  
ARILD NYSÆTHER

CEO  
SALLY-ANNE RAY

OWNERSHIP AFK  
80%

EMPLOYEES  
205

COUNTRIES  
8



### FINANCIAL FIGURES, MNOK

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	229	214	666	662
Operating profit (EBIT)	45	38	115	119
Operating margin	20%	18%	17%	18%
Earnings before tax (EBT)	44	37	114	117
Operating cash flow	56	32	109	144
NIBD	-263	-279	-263	-279
Equity	413	395	413	395
Equity ratio	53%	50%	53%	50%

NSSLGlobal is an independent provider of 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.

### HIGHLIGHTS OF Q3 2021

Total operating revenues in the third quarter amounted to NOK 239 million (214 million) and as at 30 September to NOK 666 million (662 million). Consolidated earnings before tax came in at NOK 44 million (37 million) and as at 30 September NOK 114 million (117 million).

Increased revenues and earnings compared with the same quarter last year are mainly due to higher margin Airtime packages in the quarter.

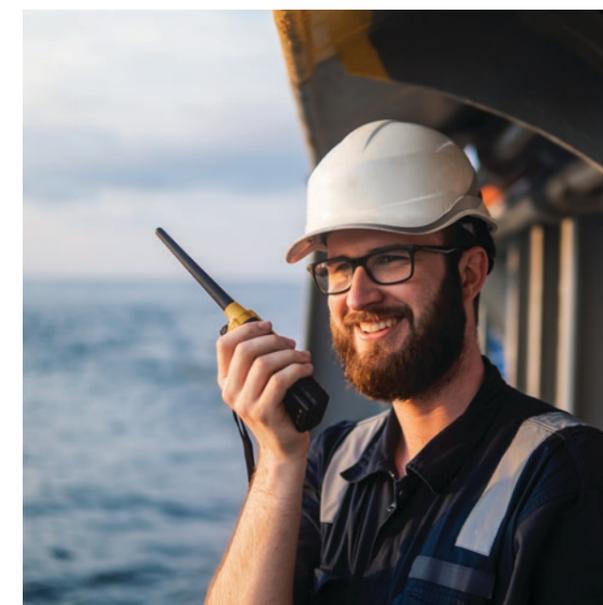
The company won £4.8m of new business opportunities in the quarter, the majority of which were either new VSAT leasing orders or governmental or maritime engineering projects.

In the quarter, the company announced a long-term strategic co-operation agreement to collaborate on the commercial and technical aspects of Telesat's new Low Earth Orbit (LEO) constellation, Telesat Lightspeed.

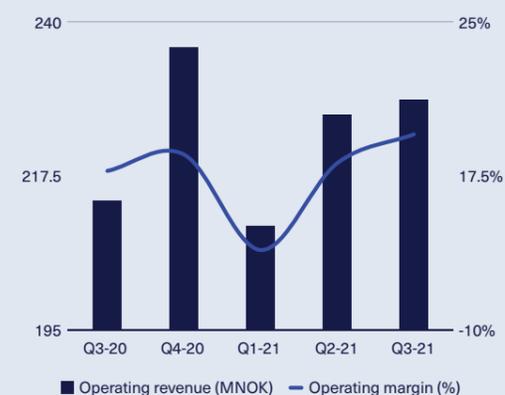
In October, after a two-year qualification process, NSSLGlobal with partners submitted a best and final offer for a multi-year project for the British MoD. Contract award is currently scheduled for late 2022.

### OUTLOOK 2021

NSSLGlobal expects 2021 revenues to be in line with 2020, while operating profit is expected to weaken due to a contract in 2020 that had particularly good margins.



### Development last 5 quarters



# EFD Induction

## Portfolio company

**HEADQUARTER**  
SKIEN, NORWAY

**CHAIRMAN**  
ØRJAN SVANEVIK

**CEO**  
BJØRN E. PETERSEN

**OWNERSHIP AFK**  
98.7%

**EMPLOYEES**  
971

**COUNTRIES**  
17



FINANCIAL FIGURES, MNOK	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Sales	292	274	839	789
Operating profit (EBIT)	26	27	52	-4
Operating margin	9%	10%	6%	-1%
Earnings before tax (EBT)	23	23	43	-16
Operating cash flow	31	-11	24	-18
NIBD	24	123	24	123
Equity	389	349	389	349
Equity ratio	37%	35%	37%	35%

EFD Induction delivers advanced green power technology based on induction technology throughout the world. Group activities are concentrated in three activity areas: Induction Heating Machines (IHM), Induction Power Systems (IPS) and Spares and Service (SAS). Its main customers are in the automotive industry, wind turbines, pipe production, the electronics industry, the cable industry and mechanical engineering.

### HIGHLIGHTS OF Q3 2021

Total operating revenues in the third quarter amounted to NOK 292 million (274 million) and as at 30 September to NOK 839 million (789 million). Consolidated earnings before tax for the quarter totalled NOK 23 million (23 million) and as at 30 September NOK 43 million (-16 million).

Operating revenues for EFD Induction in the third quarter were higher than the corresponding quarter previous year but are still characterized by a gradual improvement from Covid-19 and global supply chain constraints.

The order intake remains strong for the company with the order intake continuing to improve towards pre-covid levels in the third quarter.

Operating profit improved in the quarter, mainly due to increased activity and reduced costs. A change in practice for IFRS-accounting principles related to implementation of cloud-based software solutions led to a one-time negative effect on operating profit of NOK3 million in the quarter.

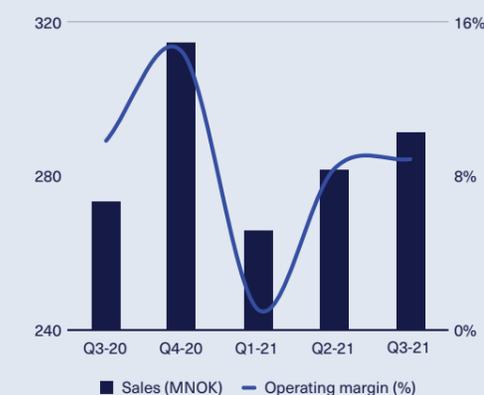
The market situation is expected to gradually improve through 2021, but the market is still characterized by a significant degree of uncertainty.

### OUTLOOK 2021

Adjusted for extraordinary income from a property sale in 2020, EFD Induction revenues and operating profit in 2021 are expected to be higher than in 2020.



Development last 5 quarters



# Alytic

## Portfolio company

**HEADQUARTER**  
ARENDAAL, NORWAY

**CHAIRMAN**  
MORTEN HENRIKSEN

**CEO**  
ESPEN ZACHARIASSEN

**OWNERSHIP AFK**  
100 %

**EMPLOYEES**  
42

**COUNTRIES**  
2



**FINANCIAL FIGURES, MNOK**

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	7		19	
Operating profit (EBIT)	-5		-7	
Operating margin	-		-	
Earnings before tax (EBT)	-5		-7	
Operating cash flow	-5		-5	
NIBD	-35		-35	
Equity	87		87	
Equity ratio	72%		72%	

Alytic invests in data-driven companies with a clear potential for scaling up the business through digital transformation. Investments will typically be in companies with unique domain knowledge and expertise, and with a clear pathway to growth.

**HIGHLIGHTS OF Q3 2021**

In August, Alytic acquired Greenfact, a European company within green energy data and analysis. Greenfact is the third company in the Alytic portfolio. The acquisition of Greenfact fits well with Alytic's strategy to accelerate data-driven companies to become international Software-as-a-Service champions.

**Greenfact**

Greenfact is a green-tech leader with strong domain competence, a strong brand, ongoing SaaS business and a large potential for growth. Alytic's ambition is to develop Greenfact into a company that provides relevant data and insight into how companies can optimize and develop their climate ambitions and risks.

**Kontali**

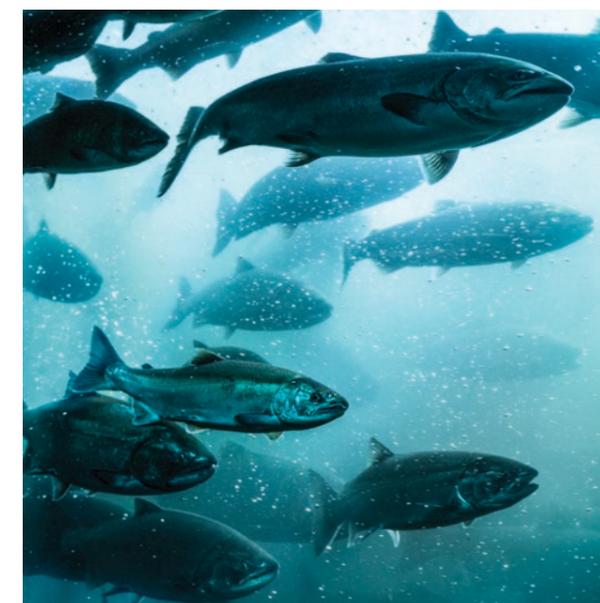
Kontali has served as the leading knowledge-based consultancy and data provider for the fish farming industry, collecting production data, establishing the first production and market simulation models, and developing the salmon database. Kontali is widely regarded as a leading competence center on aquaculture and fisheries with a strong global presence systemizing the world of fisheries and aquaculture.

**Utel Systems**

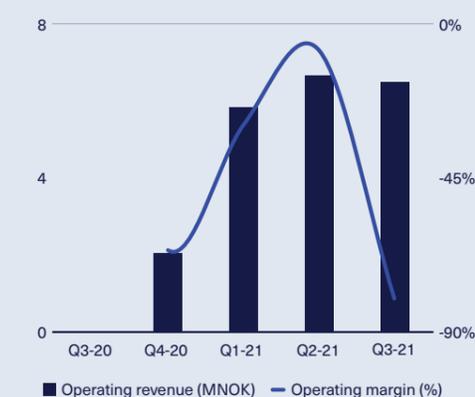
Utel Systems is a leading provider of services for network monitoring and analysis, with strong domain expertise, and a solid platform for product expansion and international scalability. Utel Systems serves telecom carriers, fixed and mobile network operators, service providers, wholesale suppliers, intelligence services, police security services, the military, and authorities. Clients include Norwegian telecom giant Telenor, British Telecom and Japanese KDDI, Softbank Mobile and NTT DoCoMo.

**OUTLOOK**

Alytic's mandate is to continue growing its portfolio. New acquisitions are expected early next year.

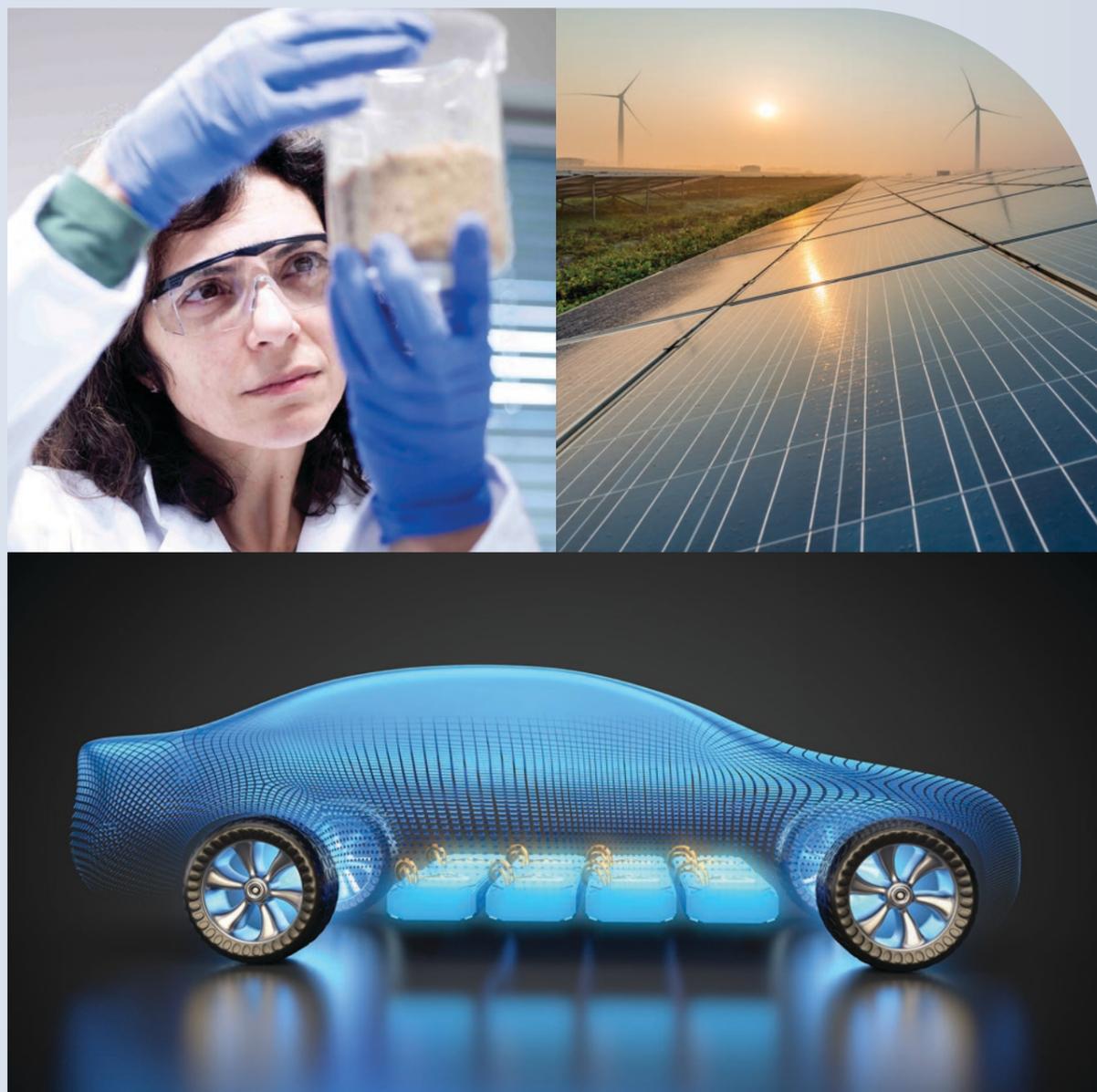


**Development last 5 quarters**



# AFK

## Green Energy Development



AFK Green Energy Development comprises development of sustainable energy solutions, such as offshore wind, ammonia, storage, trading, solar energy, and batteries.

### OFFSHORE WIND

Arendals Fossekompani and Ferd, two of Norway's leading industrial investment companies, have come together to establish the offshore wind company Seagust, which intends to apply for offshore wind acreage in Norway's upcoming licensing round. Seagust is structured as a 50:50 joint venture between AFK and Ferd, with a mandate to become an offshore wind developer with operations domestically and internationally.

### AMMONIA

Arendals Fossekompani and Grieg Maritime Group have joined forces to create a world-leading provider of green ammonia. The company 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.

### STORAGE

Energy storage for grid operators, renewable producers and industrials will be in demand during and following the green transition. Smart storage is an enabler for renewables, as it solves problems of volatility and intermittency. The concept has numerous links to Volue, Tekna, Beyonder and EFD Induction.

### TRADING

Volatility creates intraday high-speed algo-based opportunities. The storage concept will enable AFK and partners to trade short-term on stored energy. Trading will be done through a to-be established platform, leveraging Volue components, hence showcasing Volue capabilities.

### SOLAR ENERGY

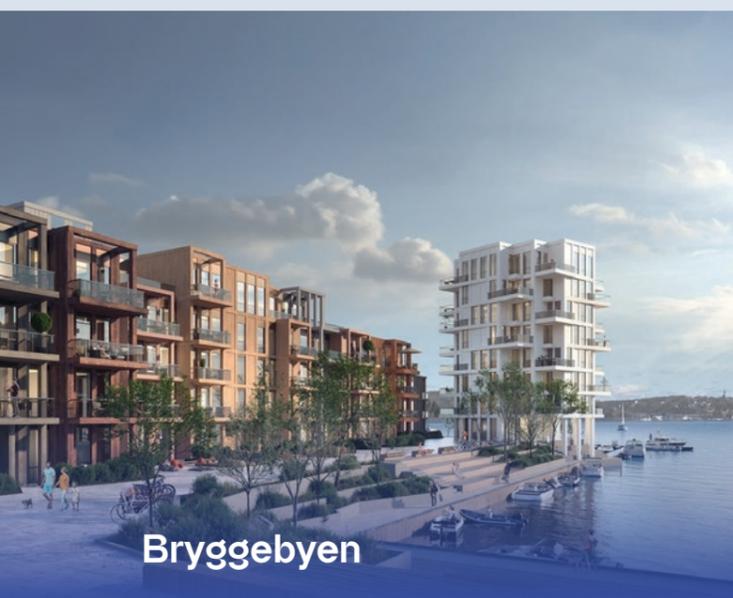
Norsun is a Norwegian solar energy company that manufactures and markets high performance mono-crystalline silicon ingots and wafers for the global solar energy industry. Dedicated to high efficiency n-type wafers, the company is an established supplier to tier-one cell manufacturers. NorSun was established in 2005 by Alf Bjørseth, the well-known founder of REC. A year later, Arendals Fossekompani took an active position in NorSun. Today, AFK holds a 15.7 per cent stake in the company.

### BATTERIES

Beyonder, founded in 2016, develops batteries with high power, fast charging and long lifetime for industry and commercial infrastructure. Utilizing super activated carbon made from residual sawdust from the Norwegian forestry industry, Beyonder aims to produce battery cells for tomorrow's green infrastructure. AFK has a 3.9 per cent stake in Beyonder, joining investors such as Equinor Technology Invest, DSD Investering, and Must Invest.

# AFK Property

AFK has various property investments, mainly in the Arendal area. Vindholmen Eiendom AS represents the largest development project, in which the former Vindholmen wharf is being developed for combined residential and commercial use under the name Bryggebyen.



**Bryggebyen**

The first two phases of the Bryggebyen real estate development project were finalized in September. Apartment sales have been very good with 111 of 113 apartments sold as per end-October.

As per 30 September, 98 apartments had been delivered to the buyers, resulting in AFK Property having booked the corresponding sales value of NOK 428 million in the quarter. The sales value of the additional apartments sold will be booked in the fourth quarter.

To satisfy the market AFK made the decision in October to initiate phase 3 of the project, adding a further 49 apartments.



**Arendal Airport Gullknapp**

AFK Property is the majority owner of this property which comprises an airport as well as an 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 establishing a center for drones as well as a hub for electrified aviation.

Gullknapp is located about 15 km north of Arendal. Due to the size of the property, its vicinity to the E18 highway and Arendal Port, and near access to the power grid of both DSO and TSO, it has a huge potential as a future site for battery production, data center and other power-intensive activities and industry. Power levels of several 100 MW are available from the nearby grid.



**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.



**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 Scanmatic AS on a 25-year bare-house agreement.

Bedriftsveien 17 is located in the middle of the emerging commercial area Krøgenes, 3 km 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

Following the share split on 20 November 2020, with each share in AFK being split into 25 shares, there are now a total of 55,995,250 shares in the company. As at 30 September a total of 1,106,550 were treasury shares. In the third quarter 687,430 shares were traded, representing 1.2% of the total number of shares.

The share price on 30 June was NOK 299 and on 30 September NOK 309.

### 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 2020.

### 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.

Individual Board members and senior executives at AFK bought shares in the company during the quarter. For more details see the published stock market notifications.

### Outlook

In light of the market's estimated power price trend for 2021, revenues and operating profit for AFK Hydropower are expected to be considerably higher in 2021 than in 2020.

Following high activity levels in all portfolio companies, 2021 revenues and earnings for AFK as a whole are expected to be better than in 2020.

As the AFK portfolio companies are positioned within attractive mega trends, AFK expects continued growth in 2022. Electricity prices are expected to remain at a high level. AFK expects no significant income from property development next year.

Due to the ongoing pandemic, there is a higher degree of uncertainty associated with the 2021/2022 outlook.

#### AFK HYDROPOWER

In view of the market's estimated energy price trend for 2021, revenues and operating profit for AFK Hydropower are expected to be considerably higher in 2021 than in 2020. Actual energy prices will however depend on many factors, including oil and gas prices, weather conditions, temperatures etc.

#### VOLUE

Having successfully defended against the cyber attack, Volue expects higher revenues in 2021 than in 2020 with overall good operational performance.

#### TEKNA

Adjusted for extraordinary items in 2020, Tekna's revenues and operating profit in 2021 are expected to be higher than in 2020.

#### NSSLGLOBAL

NSSLGlobal expects 2021 revenues to be in line with 2020, while operating profit is expected to weaken due to a contract in 2020 that had particularly good margins.

#### EFD INDUCTION

Adjusted for income from a property sale in 2020, EFD Induction's revenues and operating profit in 2021 are expected to be higher than in 2020.

The Board of Directors emphasises that significant uncertainty is associated with assessments of future circumstances and that the Covid-19 pandemic gives rise to particularly great uncertainty.



## Consolidated statement of profit or loss

Amount in MNOK		2021	2021	2020	2021	2020	2020
	Note	Q3	Q2	Q3	Year to date	Year to date	Full year
<b>Continuing operations</b>							
Sales revenues	7	1 297	861	744	3 021	2 240	3 102
Total other Income		5	5	15	17	44	56
<b>Operating revenue</b>		<b>1 302</b>	<b>866</b>	<b>759</b>	<b>3 037</b>	<b>2 284</b>	<b>3 157</b>
Cost of sales		675	283	270	1 226	758	1 062
Total staff cost		333	338	290	1 020	926	1 307
Total other operating cost	2	114	119	84	352	319	387
<b>Operating expense</b>		<b>1 122</b>	<b>739</b>	<b>644</b>	<b>2 597</b>	<b>2 003</b>	<b>2 756</b>
<b>EBITDA</b>		<b>180</b>	<b>127</b>	<b>115</b>	<b>440</b>	<b>281</b>	<b>401</b>
Depreciation	2	44	46	38	129	128	170
Amortisation		15	4	15	36	47	62
Impairment loss from PPE	3	1	-	-0	1	1	9
<b>Operating profit</b>		<b>120</b>	<b>77</b>	<b>62</b>	<b>274</b>	<b>105</b>	<b>161</b>
<b>Finance income and finance costs</b>							
Finance income		8	8	6	43	55	59
Finance cost	3	23	21	20	71	101	106
<b>Net financial items</b>		<b>-15</b>	<b>-12</b>	<b>-14</b>	<b>-28</b>	<b>-46</b>	<b>-47</b>
<b>Equity company income</b>		<b>-3</b>	<b>-3</b>	<b>-</b>	<b>-8</b>	<b>-</b>	<b>-14</b>
<b>Profit before income tax</b>		<b>102</b>	<b>61</b>	<b>48</b>	<b>239</b>	<b>59</b>	<b>99</b>
Provision for income tax		35	37	17	119	21	34
<b>Profit for the period, continuing operations</b>		<b>66</b>	<b>25</b>	<b>31</b>	<b>119</b>	<b>37</b>	<b>66</b>
Profit (-loss) from discontinued operation	6	21	4	36	29	44	54
<b>Profit for the period</b>		<b>88</b>	<b>28</b>	<b>68</b>	<b>148</b>	<b>82</b>	<b>120</b>
<b>Attributable to:</b>							
Minority interest income		6	5	12	20	39	58
Equity holders of the parent		82	24	55	129	43	62
<b>Basic/diluted earnings per share (NOK)</b>		<b>1,60</b>	<b>0,52</b>	<b>1,23</b>	<b>2,70</b>	<b>1,49</b>	<b>2,19</b>
<b>Statement of comprehensive income</b>							
<b>Profit for the period</b>		<b>88</b>	<b>28</b>	<b>68</b>	<b>148</b>	<b>82</b>	<b>120</b>
FX differences on translation of foreign operations		-306	-11	19	-322	52	7
Change on Cash flow hedges		-3	-6	7	-6	-6	9
Tax on OCI that may be reclassified to P&L		1	1	-2	1	1	-2
OCI that may be reclassified to P&L		-308	-16	24	-326	46	14
Change in financial assets at fair value through OCI		-2	1	-71	95	-239	-162
Actuarial gains and Losses		-	-0	-	-0	-	4
Tax on OCI that will not be reclassified to P&L		-	-	-	-	-	-1
OCI that will not be reclassified to P&L		-2	0	-71	95	-239	-159
OCI from discontinued operations		-0	5	-9	2	6	-15
<b>Total Other Comprehensive Income (OCI)</b>		<b>-310</b>	<b>-11</b>	<b>-55</b>	<b>-230</b>	<b>-187</b>	<b>-160</b>
<b>Total Comprehensive Income</b>		<b>-222</b>	<b>17</b>	<b>12</b>	<b>-82</b>	<b>-105</b>	<b>-40</b>
<b>Attributable to:</b>							
Minority Interest		-1	3	14	8	44	58
Equity holders of the parent		-221	14	-2	-90	-149	-99
<b>Total Comprehensive Income per share (NOK)</b>		<b>-4,05</b>	<b>0,31</b>	<b>0,22</b>	<b>-1,49</b>	<b>-1,92</b>	<b>-0,73</b>

## Consolidated balance sheet

Amount in MNOK		2021	2021	2020	2020
	Note	Q3	Q2	Q3	Full year
<b>Assets</b>					
Fixed assets		946	977	997	985
Intangible assets and goodwill		1 038	1 013	766	964
Investment in equity companies		7	5	-	9
Net pension assets		25	27	19	16
Non-current receivables and investments		332	327	237	305
Deferred tax assets		103	110	124	132
<b>Non-current assets</b>		<b>2 451</b>	<b>2 459</b>	<b>2 144</b>	<b>2 412</b>
Inventories		534	818	650	673
Contract assets		182	183	170	161
Total receivables		1 173	719	655	709
Cash and cash equivalents		2 461	2 746	1 256	1 688
Financial assets at fair value through OCI		15	17	656	735
Financial assets clas. as held for trading		-	-	10	10
Assets classified as held for sale	6	-	650	617	598
<b>Current assets</b>		<b>4 365</b>	<b>5 133</b>	<b>4 013</b>	<b>4 575</b>
<b>Total assets</b>		<b>6 817</b>	<b>7 592</b>	<b>6 157</b>	<b>6 987</b>
<b>Equity and liabilities</b>					
Common stock		224	224	224	224
Other paid in capital		8	8	7	8
Own shares		-64	-64	-64	-64
Other reserves		-11	15	676	704
Retained earnings		3 260	3 244	2 035	2 680
<b>Owner's equity</b>		<b>3 418</b>	<b>3 427</b>	<b>2 877</b>	<b>3 553</b>
Minority Interest		541	513	128	303
<b>Total equity</b>	<b>8</b>	<b>3 958</b>	<b>3 940</b>	<b>3 005</b>	<b>3 856</b>
Bond		497	497	-	-
Non-current borrowings		261	262	615	423
Employee benefits		33	33	41	26
Provisions		19	38	4	41
Deferred taxes		85	70	58	55
RoU liabilities, non-current		139	154	169	178
<b>Non-current liabilities</b>		<b>1 034</b>	<b>1 053</b>	<b>887</b>	<b>723</b>
Bond		-	300	300	300
Interest and ex rate swap		-	93	131	107
Interest-bearing current borrowings		355	611	141	236
Bank overdraft		102	-185	122	87
Accounts payable		469	464	514	582
Payable income tax		78	76	57	52
Contract liabilities		210	242	147	153
RoU-liabilities, current		62	64	57	54
Other current liabilities		550	502	443	450
Liabilities classified as held for sale	6	-	431	352	387
<b>Current liabilities</b>		<b>1 824</b>	<b>2 598</b>	<b>2 265</b>	<b>2 408</b>
<b>Total liabilities and equity</b>		<b>6 817</b>	<b>7 592</b>	<b>6 157</b>	<b>6 987</b>

## Consolidated statement of cash flows

Amount in MNOK

	Note	2021	2020
		YTD	YTD
<b>Cash flow from operating activities</b>			
<b>Profil for the period, continuing operations</b>		<b>119</b>	<b>37</b>
<b>Adjusted for</b>			
Depreciation, Impairment and Amortization		166	176
Net financial items		28	47
Equity company income		8	-
Gain/Loss from sales of assets		-0	-10
Tax expense		119	21
<b>Total after adjustments to net income</b>		<b>440</b>	<b>272</b>
Change in Inventories		143	-159
Change in trade and other receivables		-471	-83
Change in trade and other payables		-134	57
Change in other current assets		-5	27
Change in other current liabilities		170	34
Change in other provisions		-28	2
Change in employee benefits		-2	4
<b>Total after adjustments to net assets</b>		<b>114</b>	<b>155</b>
Tax paid		-52	-95
<b>Net cash from operating activities</b>	<b>A</b>	<b>62</b>	<b>60</b>
<b>Cash flow from investing activities</b>			
Interest received etc.		6	9
Dividends received		3	9
Proceeds from sales of PPE		19	3
Purchase of PPE and intangible assets		-164	-130
Purchase of financial assets at fair value		-9	-
Proceed from sale of financial assets at fair value		834	-
Purchase of other investments		-38	-4
Proceed from sale of other investments		3	2
Purchase of shares in subsidiaries		-20	-1
Proceeds from the sales of shares in subsidiaries		1 223	66
<b>Net cash from investing activities</b>	<b>B</b>	<b>1 855</b>	<b>-47</b>
<b>Cash flow from financing activities</b>			
Cash Flow from Issue Of Stock		658	-
New long-term borrowings		543	277
Repayment of long-term borrowings		-680	-37
Cash Flow from Payment of loans		-3	-
Cash Flow from Net change in current interest bearing debt		182	89
Interest paid etc.		-50	-55
Dividend paid		-1 760	-200
Cash Flow from Own Shares		1	4
<b>Net cash from financing activities</b>	<b>C</b>	<b>-1 111</b>	<b>78</b>
<b>Cash Flow</b>	<b>A+B+C</b>	<b>807</b>	<b>91</b>
Opening Balance for Cash asset		1 688	1 123
Total effect from FX on non-Cash accounts		-34	41
<b>Closing Balance for Cash asset</b>		<b>2 461</b>	<b>1 256</b>

## Profit or loss Parent Company

Amount in MNOK

	Note	2021	2021	2020	2021	2020	2020
		Q3	Q2	Q3	Year to date	Year to date	Full year
Sales revenue		65	60	4	201	38	60
Total other income		2	2	2	9	6	10
<b>Operating revenue</b>		<b>68</b>	<b>63</b>	<b>6</b>	<b>210</b>	<b>44</b>	<b>70</b>
Cost of sales		-2	0	1	0	4	6
Total staff cost		15	18	11	51	30	65
Total other operating cost		10	11	4	40	31	44
<b>Operating expense</b>		<b>23</b>	<b>29</b>	<b>16</b>	<b>90</b>	<b>65</b>	<b>115</b>
<b>EBITDA</b>		<b>44</b>	<b>34</b>	<b>-10</b>	<b>120</b>	<b>-21</b>	<b>-45</b>
Depreciation		3	3	2	8	7	9
Amortisation		1	0	0	1	1	1
<b>Operating profit</b>		<b>41</b>	<b>31</b>	<b>-12</b>	<b>110</b>	<b>-28</b>	<b>-55</b>
<b>Finance income and finance costs</b>							
Finance income	9	317	85	79	1 465	182	622
Finance cost		5	16	10	37	68	64
<b>Net financial items</b>		<b>313</b>	<b>68</b>	<b>69</b>	<b>1 428</b>	<b>114</b>	<b>557</b>
<b>Profit before taxes</b>		<b>354</b>	<b>99</b>	<b>56</b>	<b>1 538</b>	<b>86</b>	<b>502</b>
Provision for income tax		24	21	-9	76	-17	-18
<b>Profit for the period</b>		<b>329</b>	<b>78</b>	<b>65</b>	<b>1 462</b>	<b>103</b>	<b>520</b>
<b>Attributable to:</b>							
Equity holders of the parent		329	78	65	1 462	103	520
<b>Basic/diluted earnings per share (NOK)</b>		<b>6,00</b>	<b>1,43</b>	<b>1,18</b>	<b>26,63</b>	<b>1,88</b>	<b>9,48</b>
<b>Statement of comprehensive income</b>							
<b>Profit for the period</b>		<b>329</b>	<b>78</b>	<b>65</b>	<b>1 462</b>	<b>103</b>	<b>520</b>
Change in financial assets at fair value through OCI		-2	1	-71	95	-239	-162
Actuarial gains and Losses		-	-	-	-	-	5
Tax on OCI that will not be reclassified to P&L		-	-	-	-	-	-1
OCI that will not be reclassified to P&L		-2	1	-71	95	-239	-158
<b>Total Other Comprehensive Income (OCI)</b>		<b>-2</b>	<b>1</b>	<b>-71</b>	<b>95</b>	<b>-239</b>	<b>-158</b>
<b>Total Comprehensive Income</b>		<b>327</b>	<b>79</b>	<b>-6</b>	<b>1 556</b>	<b>-136</b>	<b>362</b>
<b>Attributable to:</b>							
Equity holders of the parent		327	79	-6	1 556	-101	362
<b>Total Comprehensive Income per share (NOK)</b>		<b>5,96</b>	<b>1,44</b>	<b>-0,10</b>	<b>28,35</b>	<b>-2,48</b>	<b>6,59</b>

## Balance sheet Parent Company

Amount in MNOK

Note	2021	2021	2020	2020
	Q3	Q2	Q3	Full year
<b>Assets</b>				
Fixed assets	171	172	158	172
Intangible assets and goodwill	11	12	11	12
Investment in sub	1 638	1 738	1 663	1 795
Intra-group loans	5	5	398	142
Net pension assets	10	10	6	10
Non-current receivables and investments	251	245	200	227
Deferred tax assets	60	66	85	84
<b>Non-current assets</b>	<b>2 146</b>	<b>2 248</b>	<b>2 521</b>	<b>2 442</b>
Total receivables	117	130	60	158
Cash and cash equivalents	1 342	1 564	562	766
Financial assets at fair value through OCI	15	17	656	735
<b>Current assets</b>	<b>1 474</b>	<b>1 711</b>	<b>1 278</b>	<b>1 659</b>
<b>Total assets</b>	<b>3 619</b>	<b>3 959</b>	<b>3 799</b>	<b>4 101</b>
<b>Equity and liabilities</b>				
Common stock	224	224	224	224
Other paid in capital	8	8	7	8
Own shares	-64	-64	-64	-64
Other reserves	-0	2	626	703
Retained earnings	2 785	2 757	2 127	2 512
<b>Owner's equity</b>	<b>2 953</b>	<b>2 928</b>	<b>2 919</b>	<b>3 383</b>
<b>Total equity</b>	<b>2 953</b>	<b>2 928</b>	<b>2 919</b>	<b>3 383</b>
Bond	497	497	-	-
Non-current borrowings	-1	-1	379	217
Employee benefits	7	7	8	7
Provisions	10	-	-	-
RoU liabilities, non-current	15	16	5	17
<b>Non-current liabilities</b>	<b>528</b>	<b>519</b>	<b>392</b>	<b>241</b>
Bond	-	300	300	300
Interest and ex rate swap	-	93	131	107
Accounts payable	27	18	2	18
Payable income tax	52	35	7	7
Current interest-bearing liabilities, IC	39	35	34	29
RoU-liabilities, current	3	3	1	4
Other current liabilities	16	29	13	13
<b>Current liabilities</b>	<b>138</b>	<b>513</b>	<b>488</b>	<b>477</b>
<b>Total liabilities and equity</b>	<b>3 619</b>	<b>3 959</b>	<b>3 799</b>	<b>4 101</b>

## Statement of cash flows Parent Company

Amount in MNOK

Note	2021	2020
	YTD	YTD
<b>Cash flow from operating activities</b>		
<b>Profit for the period, continuing operations</b>	<b>1 462</b>	<b>103</b>
<b>Adjusted for</b>		
Depreciation, Impairment and Amortization	10	7
Net financial items	-1 428	-114
Tax expense	76	-17
<b>Total after adjustments to net income</b>	<b>120</b>	<b>-21</b>
Change in trade and other receivables	-2	-1
Change in trade and other payables	9	-22
Cash flow from Internal Accounts Payable and Receivable	-1	25
Change in other current liabilities	6	5
Change in employee benefits	-0	-0
<b>Total after adjustments to net assets</b>	<b>131</b>	<b>-14</b>
Tax paid	-7	-50
<b>Net cash from operating activities</b>	<b>A 124</b>	<b>-64</b>
<b>Cash flow from investing activities</b>		
Interest received etc.	4	8
Dividends received	87	143
Purchase of PPE and intangible assets	-6	-5
Purchase of financial assets at fair value	-9	-
Proceed from sale of financial assets at fair value	824	-
Purchase of other investments	-25	-3
Purchase of shares in subsidiaries	-43	-27
Proceeds from the sales of shares in subsidiaries	1 320	3
<b>Net cash from investing activities</b>	<b>B 2 151</b>	<b>119</b>
<b>Cash flow from financing activities</b>		
New long-term borrowings	497	242
Repayment of long-term borrowings	-627	-1
Cash Flow from Internal Loans and Borrowings	191	-51
Interest paid etc.	-31	-32
Dividend paid	-1 730	-154
Cash Flow from Own Shares	1	3
<b>Net cash from financing activities</b>	<b>C -1 699</b>	<b>8</b>
<b>Cash Flow</b>	<b>A+B+C 576</b>	<b>63</b>
Opening Balance for Cash asset	766	499
<b>Closing Balance for Cash asset</b>	<b>1 342</b>	<b>562</b>

## Notes to interim report for Q3 2021

### 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 2020.

### Note 2 Key accounting policies

The accounting policies for 2020 are described in the Annual Report for 2020. 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 2020. The same policies have been applied in the preparation of the interim financial statements as at 30 September 2021.

New standards effective from 1 January 2021 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 impairment losses on any assets or cash-generating units.

Individual companies in the Group have utilised government assistance on standard terms in the countries where they are represented. The assistance differs from country to country and is mainly given in the form of direct grants for operations, amounting to approx MNOK 31 in 2020. In 2021 the Group have not received any grants connected to the Covid - 19 pandemic.

In view of the ongoing Covid-19 pandemic, the Board of Directors and executive management of AFK have taken strong measures to safeguard employees, partners and customers of the portfolio companies. Measures have also been taken to limit negative financial and operational effects, and to ensure that the companies' liquidity is robust.

Based on the Group's strong financial position, AFK stands firm in the extraordinary situation that the world is currently in as a result of the Covid-19 pandemic.

### Note 4 Related party transactions

Disclosures concerning related party transactions are given in the company's Annual Report for 2020, Note 24.

### Note 5 Parent company gain from sell-down in Volue AS and Tekna Holding AS

AFK sold down 11,8% share in Volue AS in January, resulting in a gain in the AFK parent company of MNOK 904. In March Tekna Holding was listed on Euronext Growth, resulting in a gain in AFK parent company of MNOK 138. Total gain on MNOK 1402 is eliminated in consolidated profit but is shown as paid-in capital in Note 8 Equity.

## Note 6 Sale of subsidiary

Amount in MNOK

### SALE OF SCANMATIC ELEKTRO IN 2020

In August 2020 Arendals Fossekompani's subsidiary Scanmatic sold its 51% shareholding in Scanmatic Elektro. Consequently, the company's financial figures have been recognised on separate lines in the income statement.

The gain on disposal of Scanmatic Elektro of MNOK 32 is included in "Profit/loss from discontinued operations".

Scanmatic Elektro's key figures relating to the income statement for 2020 are presented below.

	2020
	01.01 - 11.08
<b>Operating revenues and operating costs</b>	
Operating revenue	181
Operating expense	168
Depreciation	4
<b>Operating profit</b>	<b>10</b>
Net financial items	-0
<b>Profit before taxes</b>	<b>9</b>
Provision for income tax	2
<b>Net income from discontinued operations</b>	<b>7</b>
Profit from the sale of Scanmatic Elektro	32
<b>Net discontinued operations income (after tax)</b>	<b>39</b>
<b>Basic/diluted earnings per share (NOK)</b>	<b>0,71</b>

## Note 6 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	2020	2020
	01.01 - 28.07	01.01 - 30.09	Full year
<b>Operating revenues and operating costs</b>			
Operating revenue	283	360	516
Operating expense	264	335	469
Depreciation	9	14	19
<b>Operating profit</b>	<b>9</b>	<b>10</b>	<b>27</b>
Net financial items	-2	-3	-6
<b>Profit before taxes</b>	<b>8</b>	<b>7</b>	<b>21</b>
Provision for income tax		2	6
<b>Net income from discontinued operations</b>	<b>8</b>	<b>5</b>	<b>16</b>
Profit from the sale of Cogen Energia Espana	21		
<b>Net discontinued operations income (after tax)</b>	<b>29</b>	<b>5</b>	<b>16</b>
<b>Basic/diluted earnings per share (NOK)</b>	<b>0,53</b>	<b>0,10</b>	<b>0,28</b>
<b>Balance sheet</b>			
Non-current assets	0	270	337
Current assets	-0	347	261
<b>Assets classified as held for sale</b>	<b>-0</b>	<b>617</b>	<b>598</b>
Non-current liabilities	-0	154	160
Current liabilities	-0	199	228
<b>Liabilities classified as held for sale</b>		<b>353</b>	<b>388</b>

## Note 7 Segment reporting per 30.09

Amount in MNOK

	ENERGY SALES		ADMINISTRATION		VOLUE		NSSLGLOBAL		EFD INDUCTION	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total sales at a point in time	201	38	-	-	125	111	659	656	368	379
Total sales over time	-	-	-	-	603	540	-	-	471	410
Total other Income	1	-	7	6	0	0	6	6	6	16
<b>Operating revenue</b>	<b>202</b>	<b>38</b>	<b>7</b>	<b>6</b>	<b>729</b>	<b>652</b>	<b>666</b>	<b>662</b>	<b>845</b>	<b>805</b>
Operating expense	50	37	40	28	639	533	517	502	753	764
Total depreciation, amortization and impairment	7	7	2	-	69	48	33	41	40	46
<b>Operating profit</b>	<b>145</b>	<b>-6</b>	<b>-35</b>	<b>-22</b>	<b>20</b>	<b>71</b>	<b>115</b>	<b>119</b>	<b>52</b>	<b>-4</b>
Equity company income	-	-	-	-	-	-	-	-	-	-
Net financial items	-	-	1 428	114	1	-5	-1	-2	-9	-11
Provision for income tax	87	-7	-11	-10	3	20	25	26	9	2
<b>Continuing operations income</b>	<b>57</b>	<b>1</b>	<b>1 404</b>	<b>102</b>	<b>18</b>	<b>46</b>	<b>89</b>	<b>91</b>	<b>34</b>	<b>-18</b>
Total assets	235	235	3 384	3 564	1 444	1 027	772	785	1 051	1 012
Total liabilities	86	24	580	856	692	610	359	390	663	662
Net interest bearing debt	-	-	-909	-167	-383	-271	-263	-279	24	123

	TEKNA		COGEN		PROPERTY *		ELIMINATIONS		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total sales at a point in time	91	68	-	-	450	3	1	-	1 896	1 255
Total sales over time	51	35	-	-	-	-	-	-	1 125	985
Total other Income	2	19	-	-	8	5	-13	-8	17	44
<b>Operating revenue</b>	<b>144</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>457</b>	<b>8</b>	<b>-13</b>	<b>-8</b>	<b>3 037</b>	<b>2 284</b>
Operating expense	170	136	-	-	433	9	-6	-6	2 597	2 003
Total depreciation, amortization and impairment	10	25	-	-	11	7	-7	3	166	176
<b>Operating profit</b>	<b>-36</b>	<b>-40</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-7</b>	<b>-0</b>	<b>-5</b>	<b>274</b>	<b>105</b>
Equity company income	-7	-	-	-	-0	-	-1	-	-8	-
Net financial items	-0	-7	-	-	-1	-3	-1 444	-132	-28	-46
Provision for income tax	-1	-8	-	-	6	-0	0	-1	119	21
<b>Continuing operations income</b>	<b>-43</b>	<b>-39</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-10</b>	<b>-1 446</b>	<b>-137</b>	<b>119</b>	<b>37</b>
Total assets	660	417	-0	617	982	509	-1 712	-2 009	6 817	6 157
Total liabilities	74	411	-	427	669	320	-265	-548	2 858	3 152
Net interest bearing debt	-234	315	-	-	472	256	-0	-0	-1 293	-25

\* Property includes Vindholmen Eiendom, Bedriftsveien 17, Steinodden Eiendom, Arendal Lufthavn Gullknapp, Songe Træsliperi, AFK Property, AFK Energy & Alytic.

## Note 8 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
<b>FY20</b>								
<b>Opening balance at 01.01</b>	224	6	-67	868	2 146	<b>3 177</b>	142	<b>3 318</b>
Net Profit for the Period	-	-	-	-	43	<b>43</b>	39	<b>82</b>
Total Other Comprehensive Income (OCI)	-	-0	-	-192	-0	<b>-192</b>	5	<b>-187</b>
Own shares	-	1	2	-	-	<b>3</b>	-	<b>3</b>
Other changes from DS	-	-	-	0	2	<b>2</b>	-14	<b>-12</b>
Dividends paid	-	-	-	-	-155	<b>-155</b>	-44	<b>-200</b>
<b>Closing balance at 30.09</b>	<b>224</b>	<b>7</b>	<b>-64</b>	<b>676</b>	<b>2 035</b>	<b>2 877</b>	<b>128</b>	<b>3 005</b>

FY21

<b>Opening balance at 01.01</b>	224	8	-64	744	2 614	<b>3 526</b>	307	<b>3 833</b>
Net Profit for the Period	-	-	-	-	129	<b>129</b>	20	<b>148</b>
Total Other Comprehensive Income (OCI)	-	-	-	61	-279	<b>-218</b>	-12	<b>-230</b>
Sale of minority interests without a change in control	-	-	-	-	1 630	<b>1 630</b>	205	<b>1 834</b>
Realization of financial asset at fair value through OCI	-	-	-	-798	798	-	-	-
Other changes from DS	-	-	-	-18	53	<b>35</b>	49	<b>83</b>
Dividends paid	-	-	-	-	-1 684	<b>-1 684</b>	-28	<b>-1 712</b>
<b>Closing balance at 30.09</b>	<b>224</b>	<b>8</b>	<b>-64</b>	<b>-11</b>	<b>3 260</b>	<b>3 418</b>	<b>541</b>	<b>3 958</b>

## Note 9 Finance income, Parent Company

Amount in MNOK

	2021 YTD	2020 YTD
Interest income, I/C	3	7
Interest income	4	4
Currency exchange income	8	27
Gain on partial sale of subsidiaries	1 042	1
Gain on sale of subsidiaries	82	-
Gain on dividend in kind of shares in subsidiaries	239	-
Dividend income	3	9
Dividend income I/C	85	134
<b>Total</b>	<b>1 465</b>	<b>182</b>

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Developing green-tech companies

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