

Arendals Fossekompani

Second Quarter &
Half-year Report 2021

Sales. Results. Dividends.

Consolidated top-line growth

The second quarter top-line growth came in at 16 per cent compared to the same quarter in 2020. Operating profits increased from MNOK 10 to MNOK 77 year-over-year.



16 %

Electricity prices ten times higher

The average price of electricity was EUR/MWh 48.835 in the second quarter, more than 10 times higher than the average spot price in Q2 2020.



Tekna top-line growth: 95 %

Tekna Holding reports a 95 per cent increase in revenues compared with Q2 2020 (in local currency), driven by new customers and increased powder sales. Tekna reports major new contracts with tier-1 clients in the aerospace industry.

Dividend: Cash and Volue shares

Arendals Fossekompani will pay a quarterly dividend of NOK 0.8 per share in addition to 1 Volue share per 10 AFK shares.

NOK 0.8
per share

1 Volue share
per 10 AFK shares



Volue cyber attack successfully defended

After successfully defending against a cyber attack, Volue increased annual recurring revenue by 17 per cent compared to Q2 in 2020.

Financial highlights
Q2 2021

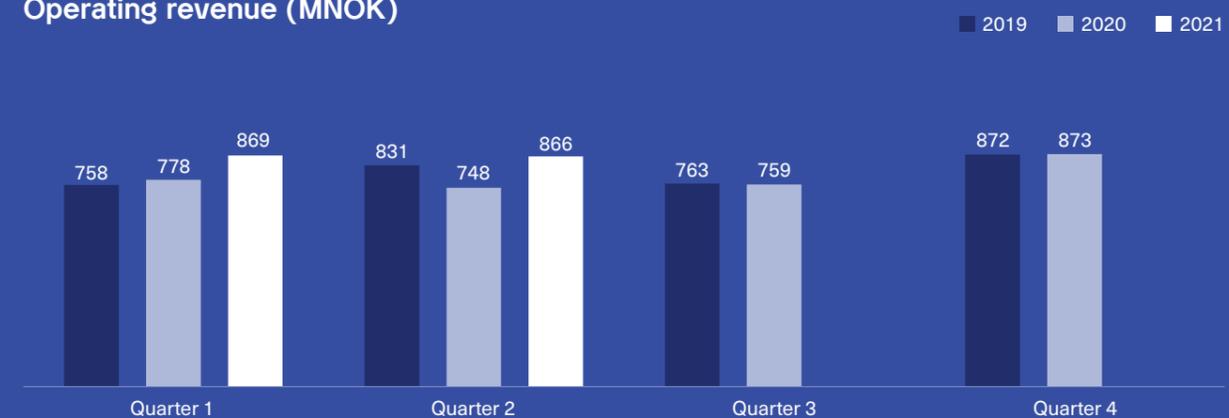
Sales. Profits. Margins.

KPIs for AFK consolidated, continuing operations

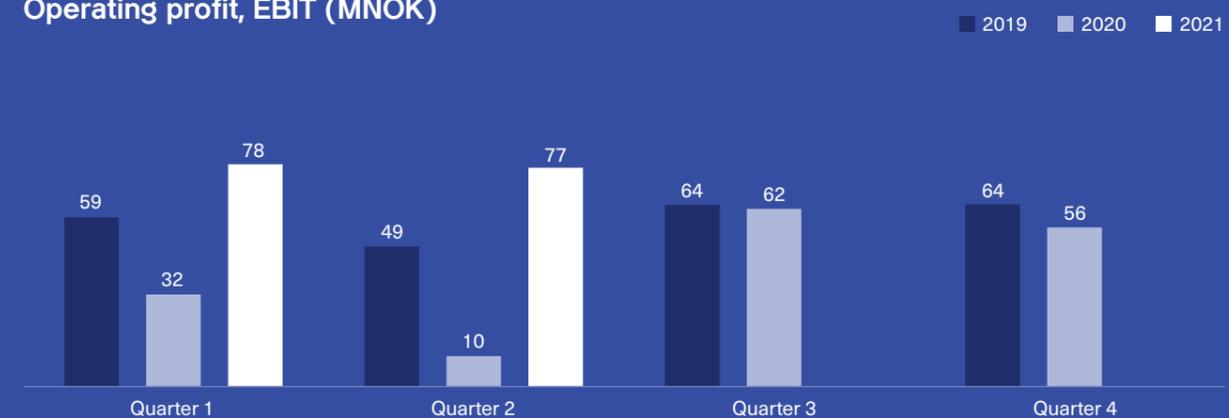
	Q2	Q2	YTD	YTD
MNOK	2021	2020	2021	2020
Operating revenue	866	748	1 735	1 526
Operating profit (EBIT)	77	10	155	43
Margin	9 %	1 %	9 %	3 %
Operating profit (EBIT) by company				
Parent Company	31	-12	69	-16
Volue	-11	24	10	48
NSSLGlobal	41	33	70	80
EFD Induction	24	-21	26	-31
Tekna	-5	-11	-14	-31
Other business	-3	-3	-7	-8
Operating profit	77	10	155	43
Profit before income tax	61	19	137	10

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

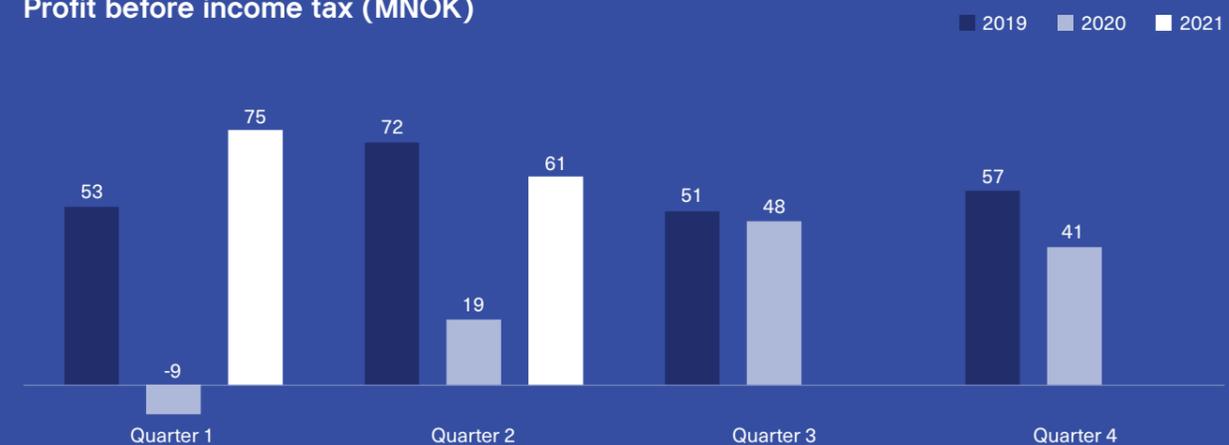
Operating revenue (MNOK)



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.

CO2-EMISSIONS REDUCED BY 98 %

Following the sale of Cogen Energia, total CO2-emissions in 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

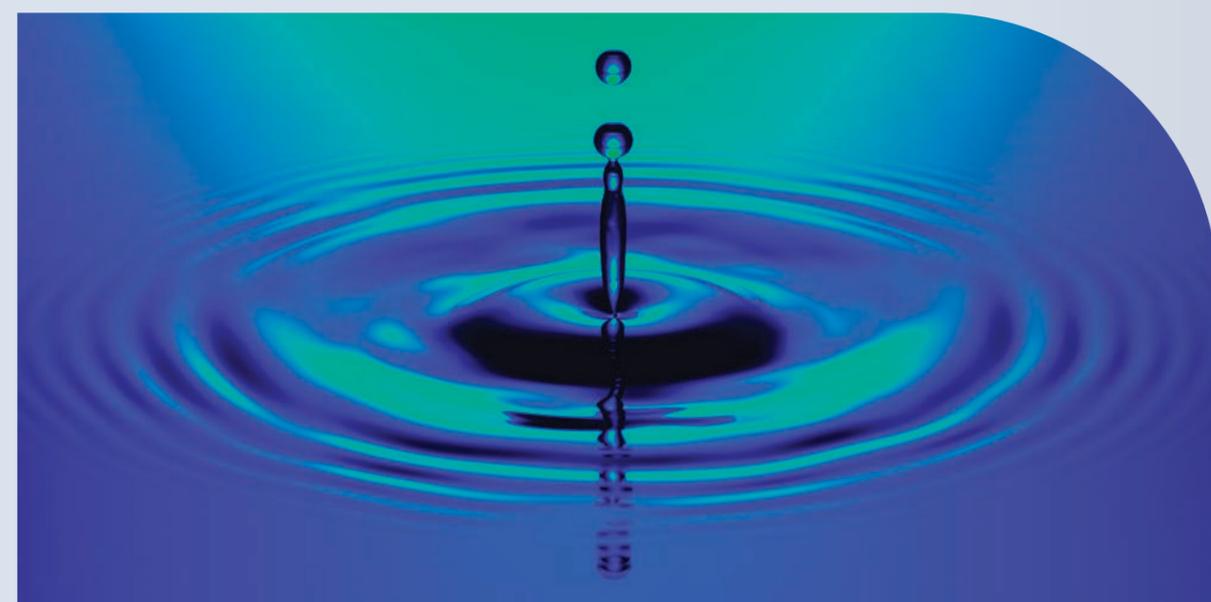
HEADQUARTER
ARENDAL, NORWAY

CHAIRMAN
JON HINDAR

CEO
ØRJAN SVANEVIK

EMPLOYEES
2,100

COUNTRIES
26



AFK Group

FINANCIAL FIGURES, MNOK	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue	866	748	1 735	1 526
Operating profit (EBIT)	77	10	155	43
Operating margin	9 %	1 %	9 %	3 %
Earnings before tax (EBT)	61	19	137	10
Operating cash flow	-133	-202	74	127
NIBD	-1 204	-187	-1 204	-187
Equity	3 940	3 064	3 940	3 064
Equity ratio	52 %	48 %	52 %	48 %

Arendals Fossekompani (AFK) is an industrial investment company comprising 5 portfolio companies. These operations employ 2,100 people in total. AFK has proud traditions in power production and owns and operates two hydropower plants, and also runs several property development projects. 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 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.

As Cogen Energia was divested on 28 July, the company's financial figures have been recognized on separate lines in the income statement and balance sheet as of 30 June as "discontinued operations" (see note 6 for more information).

Total operating revenues for continued operations amounted to NOK 866 million (748 million) in the second quarter and as of 30 June to NOK 1.735 million (1.526 million). Consolidated earnings before tax came in at NOK 61 million (19 million) for the quarter and as of 30 June at NOK 137 million (10 million). Ordinary profit after tax, but before non-controlling interests for continued operations, totalled NOK 25 million (17 million) for the quarter and as of 30 June amounted to NOK 53 million (6 million).

Other comprehensive income amounted to NOK 12 million (104 million) for the quarter and as of 30 June to NOK 103 million (-132 million). The differences compared with the previous year primarily relate to the change in the value of financial investments. The Group's total comprehensive income for the quarter came in at NOK 41 million (127 million) and as of 30 June at NOK 164 million (-117 million).

The AFK group of companies continues the strong operational performance delivering a consolidated top-line growth of 16%, combined with operating profit increasing from NOK 10 million to NOK 77 million, compared with the same quarter last year. The operating profit includes negative one-off costs in Volue of NOK 40 million related to a cyber attack in the quarter.

The solid operating profit in the quarter was mainly driven by significantly higher electricity prices in the Nordics. As a result, AFK Hydropower delivered both substantial revenues and a solid operating profit. In addition, NSSLGlobal and EFD Induction delivered strong operational performance in the quarter.

Tekna continues to deliver solid revenue growth, posting 95% top-line growth year-over-year in the second quarter (in local currency), mainly driven by new customers and increased powder sales, a trend which is accelerating.

While successfully defending against a cyber attack during the quarter, Volue still managed to increase recurring revenue by 17 % hereof SaaS-revenues by 51 % compared to the corresponding quarter last year.

As a result of the recovery of the Nordic electricity prices, AFK Hydropower contributed with substantial revenues and solid operating profit in the quarter. The average price of electricity in Price Area NO2 was EUR/MWh 48.835 (EUR/MWh 4.468) in the second quarter, more than 10 times higher than the average price in the corresponding quarter last year, lifting revenues from AFK Hydropower to NOK 63 million (9 million) and operating profit to NOK 31 million (-12 million). Total revenues in the first half of 2021 are more than doubled compared to the entire year of 2020.

Development last 5 quarters



AFK completed several strategic transactions in the quarter, such as the listing of Volue ASA on the main list of Oslo Børs, and the establishment of partnerships with Ferd AS within offshore wind and with Grieg Maritime Group AS within green ammonia. The quarter also enabled the divestment of Cogen Energia Espana, although the closing of the transaction took place after the end of the quarter.

The AFK parent company's financial position remains solid. The company's net cash position as at 30 June amounted to NOK 762 million. In addition, the company has undrawn credit facilities of NOK 2,000 million, securing net available liquidity of NOK 2,762 as per end of the quarter.

EVENTS AFTER THE CLOSE OF THE QUARTER

On 19 August the Board of Directors decided to allocate Volue shares as dividend in kind to AFK shareholders. For each 10 shares in AFK, shareholders will receive 1 Volue share. The shares are set to be transferred on 3 September.

On 19 August the Board of Directors also decided to pay an ordinary cash dividend of NOK 0.80 per share for the second quarter 2021. The dividend is set to be paid on 2 September.

On 28 July AFK entered into an agreement with the 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 AFKs corporate strategy to exit all fossil fuel positions. With this divestment AFK Group will reduce its total CO2 emissions with 98%. The financial figures for Cogen Energia is recognized on separate lines in the income statement and balance sheet as "discontinued operations". AFK expects to record a smaller profit from the sale.

On 15 July Volue announced the signing of an agreement with Statkraft to provide Europe's largest producer of renewable energy with software for physical power and gas operations in numerous European power and gas markets. For years, Volue has supported Statkraft with software and data to manage one of the most extensive energy trading operations in Europe. The new solution for Statkraft will shift these services to a cloud environment.

On 14 July Tekna Holding AS announced the signing of a master supply agreement for a duration of 10 years with an international leading company in the aviation, defense and space industry. This agreement will make Tekna the primary supplier of additive manufacturing powder for the tier-1 customer and its related supply chain for different materials such as aluminum and titanium alloys. "Tekna's broad product offering, and history of manufacturing excellence resonates in the mind of the decision makers at all levels in the additive manufacturing industry. It stretches beyond considerations of cost competitiveness and reaches out to value-added supply of strategic materials. This has become the trademark of our company and it is the culmination of a trust-building process between Tekna and our customers," says Luc Dionne, CEO of Tekna.

On 8 July Volue announced the acquisition of German ProCom GmbH (ProCom) to strengthen its position as the leading provider of sustainable technology solutions to the European energy sector. Through the acquisition, Volue will add three million euros in annual recurring revenues, approximately 60 employees and over 60 customers to its business. ProCom is headquartered in Aachen, Germany and has offices in Cologne and Berlin, serving primarily customers in Germany.

OUTLOOK FOR 2021

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, in addition to AFK Property expecting to book the sales of the first phase of Bryggebyen in the third quarter, 2021 revenues and earnings for AFK as a whole are therefore expected to be better than in 2020. However, there remains uncertainty associated with the Covid-19 pandemic and the future development of energy prices.

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 June NOK 299, an increase of 63% in the period. Including direct yield (dividend payouts) in the same period, total increase in shareholder value has been 79% in first half of 2021.

The trading volume in the second quarter was approximately 750.000 shares, twice the traded volume in the same quarter in 2020. The share price reached an all-time-high during the quarter at NOK 334, corresponding to market capitalisation of NOK 18.6 billion.

AFK – share price and trading volume



AFK

Assets

volue

AFK ownership
63.9 %

Market cap (30.06)
7,136 MNOK

Headquarter
Oslo, Norway

Listed at
Oslo Børs



AFK ownership
98.7 %

Headquarter
Skien, Norway

alytic

AFK ownership
100 %

Headquarter
Arendal, Norway

TEKNA

AFK ownership
79.8 %

Headquarter
Sherbrooke, Canada

Market cap (30.06)
3,381 MNOK

Listed at
Euronext Growth, Oslo



AFK ownership
80 %

Headquarter
London, UK

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
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 to a new residential area.

Bryggebyen
Gullknapp

AFK Parent Company Hydropower & Management



AFK Parent Company

FINANCIAL FIGURES, MNOK	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue	63	9	142	38
Operating profit (EBIT)	31	-12	69	-16
Operating margin	49 %	-130 %	49 %	-41 %
Earnings before tax (EBT)	99	11	1185	29
Operating cash flow	20	-29	74	-52
NIBD	-762	-161	-762	-161
Equity	2 928	2 954	2 928	2 954
Equity ratio	74 %	77 %	74 %	77 %

HYDROPOWER (extracted from AFK Parent Company financial figures), MNOK	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue	61	6	136	34
Operating profit (EBIT)	42	-7	96	0
Operating margin	69 %	-117 %	71 %	0 %
Earnings before tax (EBT)	42	-7	96	0

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 Q2 2021

Power 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 rose in the second quarter due to increased transfer capacity abroad, this led to a higher influence from rising electricity prices in Northern Europe in the NO2 price area. Lower reservoir levels in the South of Norway also resulted in rising electricity prices this quarter. The plants operated with no significant interruptions or disruption.

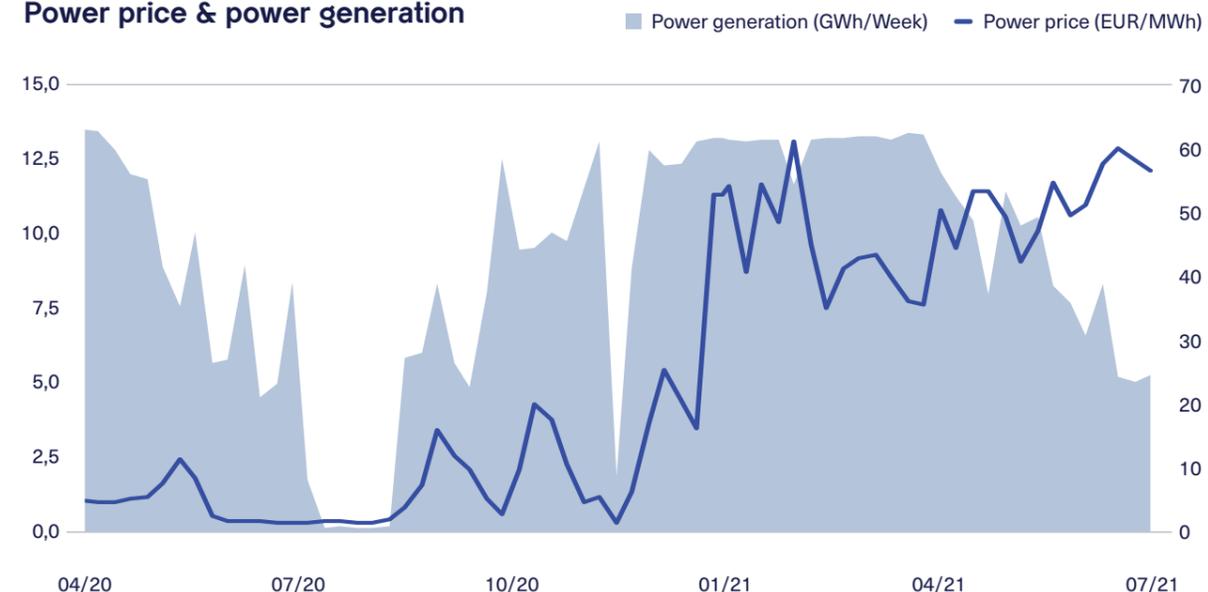
Power generation in the first quarter amounted to 128 GWh (118 GWh). The average spot price in the NO2 price area was EUR/MWh 48.835 (EUR/MWh 4.468). AFK has a defined strategy of selling hydropower production in the day-ahead (spot) market. Precipitation and inflow in the first six months of 2021 was respectively around 85% and 93% of the norm for the watercourse.

In line with AFK's ESG strategy, a license to construct a new environmental station for recycling and waste handling at Bøylefoss has been granted by the local municipality. The construction work has now started.

The figure below shows the power price (NO2) and power generation for Arendals Fossekompani per week for the period 31/03/2020 – 30/06/2021.

The AFK parent company's financial position remains solid. The company's net cash position as at 30 June amounted to NOK 762 million. In addition, the company has undrawn credit facilities of NOK 2,000 million, securing net available liquidity of NOK 2,762 as per end of the quarter.

Power price & power generation



Volue

Portfolio company

HEADQUARTER
OSLO, NORWAY

CHAIRMAN
ØRJAN SVANEVIK

CEO
TROND STRAUME

OWNERSHIP AFK
63.9%

EMPLOYEES
624

COUNTRIES
8



Volue (pro forma figures until Q4 2020)

FINANCIAL FIGURES, MNOK	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue	233	217	489	443
Operating profit (EBIT)	-11	24	10	48
Operating margin	-5 %	11 %	2 %	11 %
Earnings before tax (EBT)	-10	20	11	47
Operating cash flow	-82	-107	121	183
NIBD	-473	-347	-473	-347
Equity	738	435	738	435
Equity ratio	49 %	38 %	49 %	38 %

Serving more than 2,200 customers in 44 countries, Volue is a global supplier of technology that enables the transition to sustainable energy, power grid and infrastructure markets. 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 ON TRACK FOR 2025 TARGETS

Volue continued the positive development in the second quarter of 2021 and is on track for the 2025 targets and ambitions.

The company sees a strong development on building a continually increased recurring revenue base, where the SaaS-transformation of the company is steadily progressing with a solid development from the corresponding quarter last year. The revenues grew 18% in the quarter adjusting for estimated effect of the cyber-attack.

In addition, the company closed approximately 700 smaller and larger sales in the quarter and three larger international contracts after the closing of the quarter.

After the closing of the quarter, Volue announced the completion of the final documentation following the 5 May 2021 cyber attack and that normal operations have resumed.

Volue has also announced the acquisition of German ProCom GmbH (ProCom) to strengthen its position as the leading provider of sustainable technology solutions to the European energy sector. Through the acquisition, Volue will add three million euros in annual recurring revenues, approximately 60 employees and over 60 customers to its business. ProCom is headquartered in Aachen, Germany and has offices in Cologne and Berlin, serving primarily customers in Germany.

One of the important key developments in the quarter was the listing of Volue on the Oslo Stock Exchange.

HIGHLIGHTS OF Q1 2021

Total operating revenues in the quarter amounted to NOK 233 million (217 million) and as of 30 June NOK 489 million (443 million). Earnings before tax for the quarter totalled NOK -10 million (20 million) and as of 30 June NOK 11 million (47 million).

Volue has recognized one-off costs related to the cyber attack at NOK 40 million. In addition the company estimates one-off loss in revenues of NOK 25 million.

Adjusted for the financial effects from the cyber-attack, adjusted revenues represents a growth on 18% from the second quarter last year.

The top-line growth has been mainly driven by the Energy area, with a growth on 26% adjusted for Cyber-attack. The main reason for the growth is the increased expansion through new solution and market expansions.

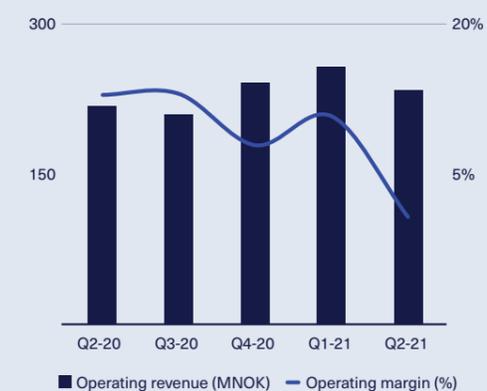
New sales were strong, in a challenging quarter following the cyber attack, and the increase in annual recurring revenue on 17% compared to Q2-2020. The company has a growth of 51% in SaaS revenues from Q2-2020.

The company expect further growth based on good market outlook and increased focus upon expansion of geographical market.

OUTLOOK

In addition to the NOK 2 billion revenue ambition in 2025, Volue has expressed the following targets: 15% annual organic revenue growth, SaaS revenues increasing to 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
MORTEN HENRIKSEN

OWNERSHIP AFK
80.6%

EMPLOYEES
176

COUNTRIES
4



Tekna Holding AS

FINANCIAL FIGURES, MNOK*	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Sales	52	28	104	58
Operating profit (EBIT)	-5	-11	-14	-31
Operating margin	-10 %	-27 %	-14 %	-44 %
Earnings before tax (EBT)	-3	-13	-16	-36
Operating cash flow	-14	-22	-47	-25
NIBD	-268	300	-268	300
Equity	613	15	613	15
Equity ratio	86 %	4 %	86 %	4 %

* Currency rates (NOK/CAD): End Q2 2021: 6.91 / Average Q2 2021: 6.77 / Average Q2 2020: 7.14

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.

ACCELERATING REVENUE GROWTH IN Q2

Tekna extended positive revenue growth momentum into the second quarter of 2021, driving year-to-date revenue 88% above the first half 2020 (in local currency), and posted a solid CAD 9.5 million order intake in the quarter, bringing the total backlog to CAD 14.2 million.

The company announced two major new contracts in the period: a multi-year joint development agreement with leading Korean chemical company LG Chem to develop new materials that will improve the storage capacity and the cycle stability of Lithium-Ion batteries, and a multi-year supply agreement for 3D printing titanium powder with Airbus. Subsequent to the quarter, Tekna announced a 10-year supply agreement in Additive Manufacturing with a leading EU jet engine and Aerospace component OEM.

In May Tekna announced that it had accepted an invitation from the National Center for Advanced Materials Performance to participate in a major aerospace qualification program. Parts produced with Tekna's powder material, qualified under this program, will automatically pass the initial design phase and analysis by the FAA, U.S. Department of Defense (DoD), and the National Aeronautics and Space Administration (NASA).

Tekna has now launched a CAD 16 million investment program to scale up capacity in all three powder business segments to deliver on accelerating growth. In addition, the company has approved the commissioning of a new Additive Manufacturing powder atomizer in France, to meet growing demand generated from ImphyTek Powders, a Tekna and Aperam joint venture serving the aerospace, medical, and automotive industries.

HIGHLIGHTS OF Q2 2021

Total sales in the second quarter amounted to NOK 52 million (28 million) and as of 30 June 104 million (58 million). Consolidated earnings before tax for the quarter totalled NOK -3 million (-13 million) and as of 30 June NOK -16 million (-36 million).

Tekna posted solid revenue growth in the quarter, with good sales performance for both materials and system solutions. As per the end of the quarter, 88% of Tekna's overall annual revenue target is secured.

Materials revenue in Q2 have more than doubled from Q2 2020, with 86% of sales generated from recurring customers.

Production facilities operated well in the period, with limited impact from the Covid-19 pandemic.

OUTLOOK

Tekna is well positioned for profitable growth and has a proven track-record of scalability, with over 80% recurring sales. Revenues are driven by megatrends-led accelerating demand for high-quality micro and nano materials and 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, protected by long-term raw material sourcing.

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 sales will drive Tekna revenues up to CAD 500 million by 2030
- The Printed Electronics segment will generate CAD 380 million by 2030
- The Energy Storage segment will generate CAD 1,000 million by 2030

Development last 5 quarters



NSSLGlobal

Portfolio company

HEADQUARTER
SURREY, UK

CHAIRMAN
ARILD NYSÆTHER

CEO
SALLY-ANNE RAY

OWNERSHIP AFK
80%

EMPLOYEES
205

COUNTRIES
8



NSSLGlobal

FINANCIAL FIGURES, MNOK	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue	227	212	437	448
Operating profit (EBIT)	41	33	70	80
Operating margin	18 %	16 %	16 %	18 %
Earnings before tax (EBT)	41	32	69	79
Operating cash flow	25	42	52	113
NIBD	-221	-311	-221	-311
Equity	379	418	379	418
Equity ratio	52 %	52 %	52 %	52 %

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 Q2 2021

Total operating revenues in the second quarter amounted to NOK 227 million (212 million) and as of 30 June to NOK 437 million (448 million). Consolidated earnings before tax came in at NOK 41 million (33 million) and as of 30 June NOK 69 million (79 million).

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

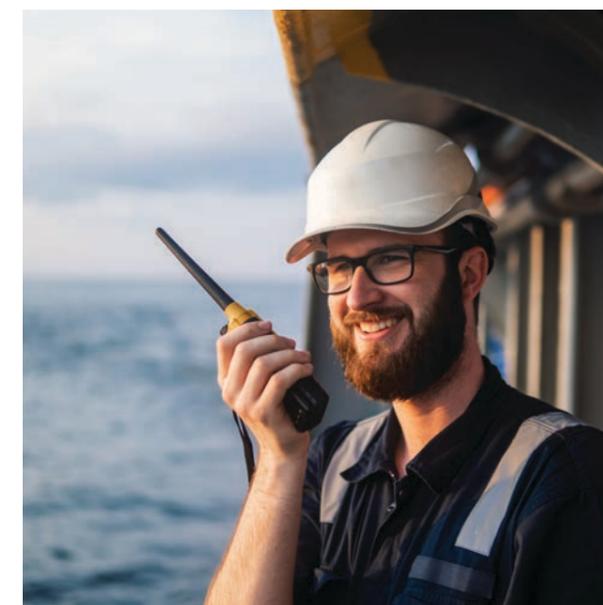
The company won £5.1m of new business opportunities, 50% of which are new VSAT leasing orders, in the quarter.

NSSLGlobal has recently launched its new Smart@Sea platform into the Maritime market - a virtualised on-board appliance for managing all aspects of a vessel's communication, cybersecurity, IT services and crew entertainment.

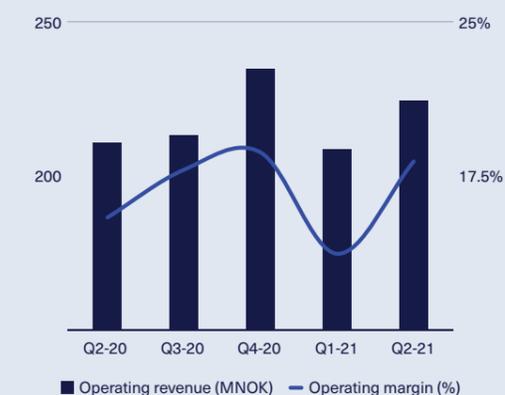
In the quarter, the company also announced a new strategic partnership with DDK Positioning (DDK), to incorporate enhanced Global Navigation Satellite Systems (GNSS) positioning navigation and timing solutions into NSSLGlobal's maritime and government portfolio.

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



EFD Induction

FINANCIAL FIGURES, MNOK	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Sales	282	260	548	515
Operating profit (EBIT)	24	-21	26	-31
Operating margin	8 %	-8 %	5 %	-6 %
Earnings before tax (EBT)	22	-24	21	-39
Operating cash flow	-8	-25	-7	-7
NIBD	95	129	95	129
Equity	362	330	362	330
Equity ratio	36 %	32 %	36 %	32 %

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 Q2 2021

Total operating revenues in the second quarter amounted to NOK 282 million (260 million) and as of 30 June to NOK 548 million (515 million). Consolidated earnings before tax for the quarter totalled NOK 22 million (-20 million) and as of 30 June NOK 24 million (-39 million).

Operating revenues for EFD Induction in the second 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.

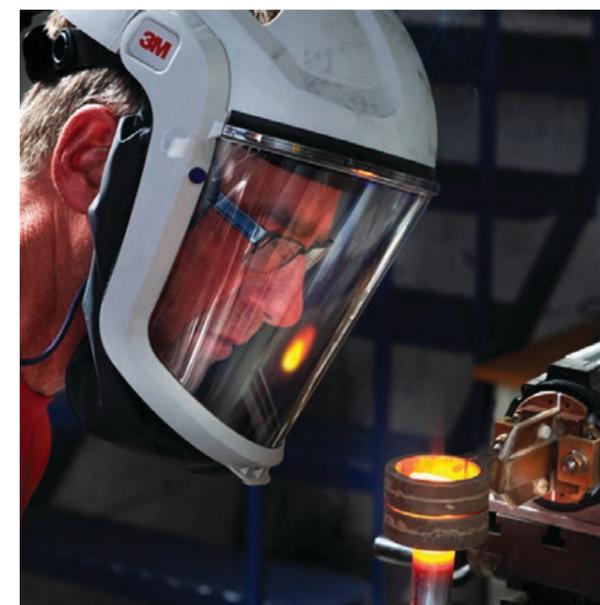
The order intake remains strong for the company. Following two high order intake quarters, the order intake in second quarter remained at a normalized level.

Operating profit improved in the quarter, mainly due to increased activity and reduced costs. Additional cost saving effects will be effective during the second half of 2021.

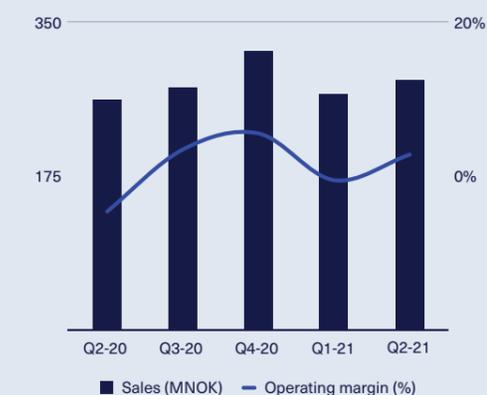
The market situation is expected to gradually improve through 2021, but is still characterized by a significant degree of uncertainty.

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



Alytic

FINANCIAL FIGURES, MNOK	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue	7	13		
Operating profit (EBIT)	-0	-2		
Operating margin	-7 %	-17 %		
Earnings before tax (EBT)	-1	-2		
Operating cash flow	1	-0		
NIBD	-32	-32		
Equity	74	74		
Equity ratio	78 %	78 %		

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 for growth.

HIGHLIGHTS OF Q2 2021

In April, Alytic acquired Utel Systems, a telecom specialist with an impressive client list. Utel Systems is the second company in the Alytic portfolio.

The acquisition of Utel Systems fits perfectly with Alytic's strategy to transform data-driven companies to international Software-as-a-Service champions. 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.

A Chief Technical Officer and a Chief Operational Officer have been recruited to strengthen the Utel Systems team. More positions will be created and filled in months to come.

GROWING KONTALI

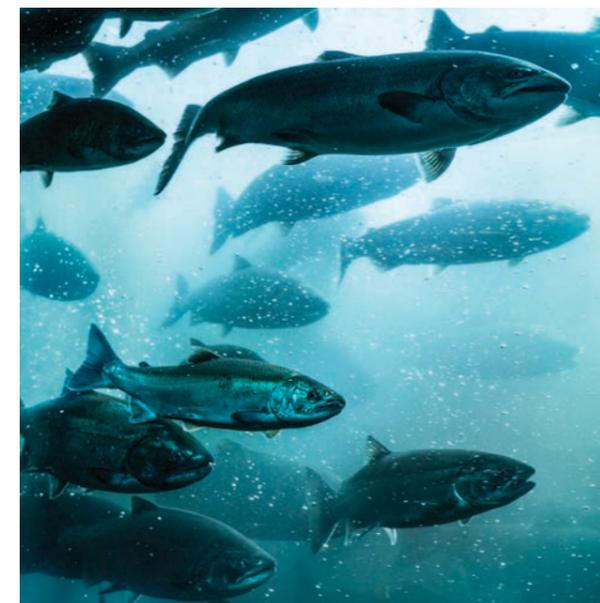
During the quarter, portfolio company Kontali has also executed an aggressive expansion plan and hired several people in key positions to help grow the company. The first pilots set to modernize the data platform and make the transition to a SaaS delivery model, have been launched.

Founded in Kristiansund, Norway, in 1987, Kontali has served as the leading knowledge-based consultancy and data provider for the Norwegian fish farming industry, collecting production data, establishing the first production and market simulation models, and developing the salmon database.

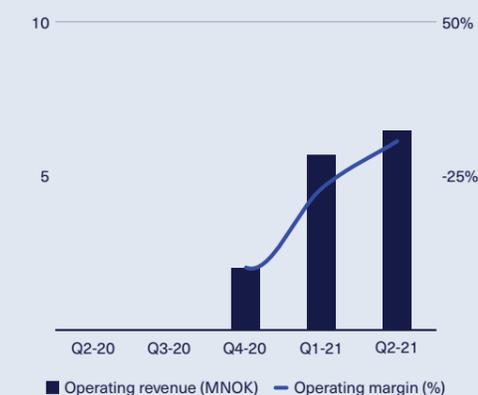
Today, Kontali is widely regarded as a leading competence center on aquaculture and fisheries with a strong global presence systemizing the world of fisheries and aquaculture.

OUTLOOK

Alytic's mandate is to continue growing its portfolio and new acquisitions are expected before year-end.



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. 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

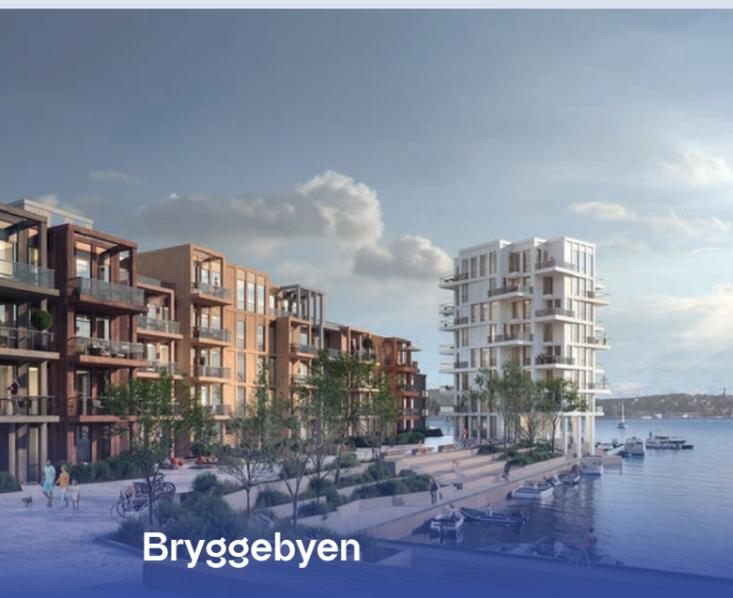
Norsun is a Norwegian solar energy company that manufactures and markets high performance mono-crystalline silicon ingots and wafers for the global solar energy industry. Dedicated to high efficiency n-type wafers, the company is an established supplier to tier-one cell manufacturers. NorSun was established 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 by its CEO Svein Kvernstuen, develops and produces the next step cells needed in battery technology 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 is producing 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 Investing, 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



Arendal Airport Gullknapp



Bølevegen 4



Bedriftsveien 17

Apartment sales for Bryggebyen's first phase of construction were at a stable good level throughout 2020 and into 2021.

To satisfy the market a decision was made in August 2020 to expand the current build phase by a further 31 apartments. Of the new total of 113 apartments, 95 had been sold at the beginning of August 2021.

Construction is proceeding according to plan, with all the apartments in the expanded phase expected to be ready for occupancy in the fall of 2021.

Transforming an old shipyard area into a new urban residential/commercial zone is scheduled to take 10-15 years to complete and will create around 500-700 residential units when finished.

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.

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.

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 June a total of 1,108,400 were treasury shares. In the first quarter 744,612 shares were traded, representing 1.3% of the total number of shares.

The share price on 31 March was NOK 270 and on 30 June NOK 299.

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

All portfolio companies are on high activity levels. AFK Property expects to book the sales of the first phase of Bryggebyen in the third quarter. Revenues and earnings for AFK as a whole are expected to be better in 2021 than in 2020. However, there remains considerable uncertainty associated with the Covid-19 pandemic and the future development of energy prices.

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.

VOLUME

Having successfully defended against the cyber attack, Volume is expected to have a good performance in 2021.

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.

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 Fossekompni ASA as at 30 June 2021 and for the period 1 January – 30 June 2021, including condensed consolidated comparative figures as at 30 June 2020 and for the first six months of 2020.

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 2021 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 2021 and 30 June 2020. 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, 19 August 2021

Jon Hindar
Board Chairman

Morten Bergesen
Deputy Chairman

Didrik Johannes Vignæs

Christian Must

Heidi Marie Petersen

Kristine Landmark

Stine Rolstad Brenna

Ørjan Svanevik
CEO

Consolidated statement of profit or loss

Amount in MNOK		2021	2021	2020	2021	2020	2020
	Note	Q2	Q1	Q2	Year to date	Year to date	Full year
Continuing operations							
Sales revenues	7	861	863	724	1 724	1 496	3 102
Total other Income		5	6	24	11	29	56
Operating revenue		866	869	748	1 735	1 526	3 157
Cost of sales		283	268	247	551	488	1 062
Total staff cost		338	348	311	686	636	1 307
Total other operating cost	2	119	120	123	238	235	387
Operating expense		739	736	680	1 475	1 360	2 756
EBITDA		127	134	67	260	166	401
Depreciation	2	46	39	40	85	91	170
Amortisation		4	17	16	21	32	62
Impairment loss from PPE	3	-	-	1	-	1	9
Operating profit		77	78	10	155	43	161
Finance income and finance costs							
Total finance income		8	27	2	35	49	59
Finance cost	3	21	28	-7	48	81	106
Net financial items		-12	-1	9	-13	-32	-47
Equity company income		-3	-2	-	-5	-	-14
Profit before income tax		61	75	19	137	10	99
Provision for income tax		37	47	2	84	4	34
Profit for the period, continuing operations		25	28	17	53	6	66
Profit (-loss) from discontinued operation	6	4	4	6	8	8	54
Profit for the period		28	32	23	61	14	120
Attributable to:							
Minority interest income		5	19	18	24	27	58
Equity holders of the parent		24	13	5	37	-13	62
Basic/diluted earnings per share (NOK)		0,52	0,59	0,42	1,10	0,26	2,19
Statement of comprehensive income							
Total Effect from Foreign Exchange		23	-16	-61	7	44	7
Change on Cash flow hedges		-6	3	24	-3	-13	9
Tax on OCI that may be reclassified to P&L		1	-0	-4	1	2	-2
OCI that may be reclassified to P&L		18	-13	-42	5	33	13
Change in financial assets at fair value through OCI		1	96	161	97	-169	-162
Actuarial gains and Losses		-0	0	-	-0	-	4
Tax on OCI that will not be reclassified to P&L		-	-	-	-	-	-1
OCI that will not be reclassified to P&L		0	96	161	97	-169	-159
OCI from discontinued operations		-7	8	-16	2	5	-15
Total Other Comprehensive Income (OCI)		12	91	104	103	-132	-161
Profit for the period		28	32	23	61	14	120
Total Comprehensive Income		41	123	127	164	-117	-41
Attributable to:							
Minority Interest		8	6	11	14	30	58
Equity holders of the parent		33	118	116	150	-112	-99
Total Comprehensive Income per share (NOK)		0,74	2,25	2,31	2,99	-2,14	-0,74

Consolidated balance sheet

Amount in MNOK		2021	2021	2020	2020
	Note	Q2	Q1	Q2	Full year
Assets					
Fixed assets		977	962	1 012	985
Intangible assets and goodwill		1 013	985	749	964
Investment in equity companies		5	8	-	9
Net pension assets		27	27	21	16
Non-current receivables and investments		327	302	237	305
Deferred tax assets		110	105	120	132
Non-current assets		2 459	2 389	2 139	2 412
Inventories		818	718	606	673
Contract assets		183	199	207	161
Total receivables		719	1 527	598	709
Cash and cash equivalents		2 746	3 954	1 335	1 688
Financial assets at fair value through OCI		17	7	727	735
Financial assets clas. as held for trading		-	10	10	10
Assets classified as held for sale	6	650	613	774	598
Current assets		5 133	7 027	4 257	4 575
Total assets		7 592	9 417	6 396	6 987
Equity and liabilities					
Common stock		224	224	224	224
Other paid in capital		8	8	6	8
Own shares		-64	-64	-65	-64
Other reserves		49	40	733	704
Retained earnings		3 210	4 811	2 012	2 680
Owner's equity		3 427	5 019	2 910	3 553
Minority Interest		513	518	154	303
Total equity	8	3 940	5 536	3 064	3 856
Bond		497	497	300	-
Interest and ex rate swap		-	-	127	-
Non-current borrowings		262	438	564	423
Employee benefits		33	33	40	26
Provisions		38	-	4	41
Deferred taxes		70	68	57	55
RoU liabilities, non-current		154	158	192	178
Non-current liabilities		1 053	1 225	1 283	723
Bond		300	300	-	300
Interest and ex rate swap		93	88	-	107
Interest-bearing current borrowings		350	294	95	236
Bank overdraft		76	77	111	87
Accounts payable		464	531	674	582
Payable income tax		76	57	39	52
Contract liabilities		242	340	218	153
RoU-liabilities, current		64	52	62	54
Other current liabilities		502	514	333	450
Liabilities classified as held for sale	6	431	403	481	387
Current liabilities		2 598	2 655	2 049	2 408
Total liabilities and equity		7 592	9 417	6 396	6 987

Consolidated statement of cash flows

Amount in MNOK

	Note	2021	2020
		YTD	YTD
Cash flow from operating activities			
Net Cash from Income		53	6
Adjusted for			
Depreciation, Impairment and Amortization		105	123
Net financial items		14	33
Equity company income		5	-
Tax expense		84	4
Total after adjustments to net income		261	167
Change in Inventories		-141	-124
Change in trade and other receivables		-26	56
Change in trade and other payables		-136	181
Change in other current assets		-12	-12
Change in other current liabilities		167	-29
Change in other provisions		0	2
Change in employee benefits		-2	2
Total after adjustments to net assets		112	242
Tax paid		-38	-89
Net cash from operating activities	A	74	153
Cash flow from investing activities			
Interest received etc.		-2	8
Dividends received		3	7
Proceeds from sales of PPE		1	0
Purchase of PPE and intangible assets		-114	-82
Purchase of financial assets at fair value		-9	-
Proceed from sale of financial assets at fair value		834	-
Purchase of other investments		-33	-3
Proceed from sale of other investments		3	2
Purchase of shares in subsidiaries		-17	-0
Proceeds from the sales of shares in subsidiaries		982	4
Net cash from investing activities	B	1 646	-64
Cash flow from financing activities			
Cash Flow from Issue Of Stock		650	-
New long-term borrowings		542	251
Repayment of long-term borrowings		-255	-19
Cash Flow from Payment of loans		-1	-
Cash Flow from Net change in current interest bearing debt		120	27
Interest paid etc.		-26	-26
Dividend paid		-1 706	-144
Cash Flow from Own Shares		0	2
Net cash from financing activities	C	-676	91
Cash Flow	A+B+C	1 044	180
Opening Balance for Cash asset		1 688	1 123
Total effect from FX on non-Cash accounts		14	32
Closing Balance for Cash asset		2 746	1 335

Profit or loss Parent Company

Amount in MNOK

	Note	2021	2021	2020	2021	2020	2020
		Q2	Q1	Q2	Year to date	Year to date	Full year
Sales revenue	7	60	75	6	136	34	60
Total other income		2	4	3	6	5	10
Operating revenue		63	79	9	142	38	70
Cost of sales		0	1	1	2	2	6
Total staff cost		18	18	8	35	20	65
Total other operating cost	2	11	19	9	30	28	44
Operating expense		29	38	18	67	49	115
EBITDA		34	42	-9	75	-11	-45
Depreciation	2	3	3	3	2	2	9
Amortisation		0	0	0	0	0	1
Operating profit		31	38	-12	69	-16	-55
Finance income and finance costs							
Total finance income		85	1 063	5	1 148	103	622
Finance cost	3	16	16	-18	33	58	64
Net financial items		68	1 047	23	1 115	45	557
Profit before taxes		99	1 085	11	1 185	29	502
Provision for income tax		21	31	-3	52	-9	-18
Profit for the period		78	1 054	14	1 133	38	520
Attributable to:							
Equity holders of the parent		78	1 054	14	1 133	38	520
Basic/diluted earnings per share (NOK)		1,43	19,21	0,26	20,63	0,70	9,48
Statement of comprehensive income							
Change in financial assets at fair value through OCI		1	96	161	97	-169	-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		1	96	161	97	-169	-158
Total Other Comprehensive Income (OCI)		1	96	161	97	-169	-158
Profit for the year		78	1 054	14	1 133	38	520
Total Comprehensive Income		79	1 150	175	1 229	-131	362
Attributable to:							
Equity holders of the parent		79	1 150	175	1 229	-95	362
Total Comprehensive Income per share (NOK)		1,44	20,96	3,20	22,40	-2,38	6,59

Balance sheet Parent Company

Amount in MNOK

Note	2021	2020	2020
	Q2	Q2	Full year
Assets			
Fixed assets	172	160	172
Intangible assets and goodwill	12	7	12
Investment in sub	1 738	1 663	1 795
Intra-group loans	5	349	142
Net pension assets	10	6	10
Non-current receivables and investments	245	200	227
Deferred tax assets	66	76	84
Non-current assets	2 248	2 460	2 442
Total receivables	130	86	158
Cash and cash equivalents	1 564	553	766
Financial assets at fair value through OCI	17	727	735
Current assets	1 711	1 366	1 659
Total assets	3 959	3 826	4 101
Equity and liabilities			
Common stock	224	224	224
Other paid in capital	8	6	8
Own shares	-64	-65	-64
Other reserves	2	697	703
Retained earnings	2 757	2 092	2 512
Owner's equity	2 928	2 954	3 383
Minority Interest	-	-	-
Total equity	2 928	2 954	3 383
Bond	497	300	-
Interest and ex rate swap	-	127	-
Non-current borrowings	-1	362	217
Employee benefits	7	8	7
RoU liabilities, non-current	16	5	17
Non-current liabilities	519	802	241
Bond	300	-	300
Interest and ex rate swap	93	-	107
Accounts payable	18	9	18
Payable income tax	35	7	7
Current interest-bearing liabilities, IC	35	30	29
RoU-liabilities, current	3	1	4
Other current liabilities	29	23	13
Current liabilities	513	70	477
Total liabilities and equity	3 959	3 826	4 101

Statement of cash flows Parent Company

Amount in MNOK

Note	2021	2020
	YTD	YTD
Cash flow from operating activities		
Net Cash from Income	1 133	38
Adjusted for		
Depreciation, Impairment and Amortization	6	5
Net financial items	-1 115	-45
Tax expense	52	-9
Total after adjustments to net income	75	-11
Change in trade and other receivables	1	1
Change in trade and other payables	-0	-15
Cash flow from Internal Accounts Payable and Receivable	1	24
Change in other current liabilities	4	-0
Change in employee benefits	-1	-1
Total after adjustments to net assets	81	-2
Tax paid	-7	-50
Net cash from operating activities	A 74	-52
Cash flow from investing activities		
Interest received etc.	3	6
Dividends received	87	68
Purchase of PPE and intangible assets	-6	-0
Purchase of financial assets at fair value	-9	-
Proceed from sale of financial assets at fair value	824	-
Purchase of other investments	-19	-2
Purchase of shares in subsidiaries	-33	-27
Proceeds from the sales of shares in subsidiaries	1 133	3
Net cash from investing activities	B 1 981	48
Cash flow from financing activities		
New long-term borrowings	497	225
Repayment of long-term borrowings	-224	-0
Cash Flow from Internal Loans and Borrowings	167	-35
Interest paid etc.	-12	-11
Dividend paid	-1 685	-123
Cash Flow from Own Shares	0	2
Net cash from financing activities	C -1 257	58
Cash Flow	A+B+C 799	54
Opening Balance for Cash asset	766	499
Closing Balance for Cash asset	1 564	553

Notes to interim report for Q2 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 June 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 1.402 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 and balance sheet as discontinued operations.

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 and balance sheet for 2020 are presented below.

	2020	2020
	YTD	01.01 - 11.08
Operating revenues and operating costs		
Operating revenue	159	181
Operating expense	147	168
Depreciation	3	4
Operating profit	8	10
Net financial items	-0	-0
Profit before taxes	8	9
Provision for income tax	2	2
Net discontinued operations income	6	7
Profit from the sale of Scanmatic Elektro		32
Net discontinued operations income (after tax)	6	39
Basic/diluted earnings per share (NOK)	0,12	0,71
Balance sheet		
Non-current assets	16	
Current assets	105	
Assets connected to discontinued operation	121	
Non-current liabilities	11	
Current liabilities	73	
Liabilities connected to discontinued operation	84	

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, Cogen Energia's financial figures have been recognised on separate lines in the income statement as "Discontinued operations" and in the balance sheet as "Held for sale".

Cogen Energia's key figures relating to the income statement for and balance sheet for 2021 and 2020 are presented below.

	2021	2020	2020
	YTD	YTD	Full year
Operating revenues and operating costs			
Operating revenue	281	242	516
Operating expense	263	228	469
Depreciation	9	10	19
Operating profit	9	4	27
Net financial items	-2	-2	-6
Profit before taxes	8	2	21
Provision for income tax		1	6
Net discontinued operations income	8	2	16
Net discontinued operations income (after tax)	8	2	16
Basic/diluted earnings per share (NOK)	0,14	0,03	0,28
Balance sheet			
Non-current assets	378	322	337
Current assets	272	331	261
Assets connected to discontinued operation	650	653	598
Non-current liabilities	171	162	160
Current liabilities	294	309	263
Liabilities connected to discontinued operation	465	471	423

Note 7 Segment reporting per 30.06

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	136	34	-	-	172	76	433	444	224	457
Total sales over time	-	-	-	-	317	367	-	-	323	59
Total other Income	0	-	6	5	-0	-	4	4	4	11
Operating revenue	136	34	6	5	489	443	437	448	552	526
Operating expense	37	30	30	20	433	364	346	335	499	526
Total depreciation, amortization and impairment	4	4	2	1	46	31	21	32	26	32
Operating profit	96	-0	-27	-15	10	48	70	80	26	-31
Net financial items	-	-	1 115	45	1	-1	-1	-1	-6	-7
Provision for income tax	59	-1	-7	-8	7	6	16	18	9	-4
Continuing operations income	37	1	1 096	38	4	41	53	62	12	-35
Total assets	234	141	3 725	3 685	1 498	1 145	732	801	1 006	1 040
Total liabilities	59	24	973	849	760	710	353	382	643	709
Net interest bearing debt	-	-	-762	-161	-473	-347	-221	-311	95	129

	TEKNA		COGEN		PROPERTY *		ELIMINATIONS		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total sales at a point in time	64	43	-	-	14	2	1	-	1 045	1 056
Total sales over time	39	15	-	-	-	-	-	-	680	441
Total other Income	1	12	-	-	5	3	-10	-5	11	29
Operating revenue	105	70	-	-	20	5	-9	-5	1 735	1 526
Operating expense	115	84	-	-	20	5	-4	-5	1 475	1 360
Total depreciation, amortization and impairment	4	17	-	-	7	4	-4	3	106	123
Operating profit	-14	-31	-	-	-6	-5	-1	-3	155	43
Net financial items	-2	-5	-	-	-1	-2	-1 124	-61	-18	-32
Provision for income tax	-1	-6	-	-	0	-0	0	-1	84	4
Continuing operations income	-15	-30	-	-	-8	-6	-1 126	-63	53	6
Total assets	711	386	650	653	863	470	-1 828	-1 924	7 592	6 396
Total liabilities	97	371	465	471	581	277	-280	-462	3 652	3 332
Net interest bearing debt	-268	300	-	-	426	204	-0	-0	-1 204	-187

* Property includes Vindholmen Eiendom, Bedriftsveien 17, Steinodden Eiendom, Arendal Lufthavn Gullknapp, Songe Træsliperi, AFK Property & 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
FY20								
Opening balance at 01.01	224	6	-67	868	2 146	3 177	142	3 318
Net Profit for the Period	-	-	-	-	-12	-12	27	14
Total Other Comprehensive Income (OCI)	-	-0	-	-135	-0	-135	4	-132
Own shares	-	1	1	-	-	2	-	2
Other changes from DS	-	-	-	0	3	3	2	5
Dividends paid	-	-	-	-	-124	-124	-20	-144
Closing balance at 31.06	224	6	-65	733	2 012	2 910	154	3 064

FY21

Opening balance at 01.01	224	8	-64	743	2 615	3 526	307	3 833
Net Profit for the Period	-	-	-	-	47	47	14	61
Total Other Comprehensive Income (OCI)	0	-0	-	103	0	104	-0	103
Own shares	-	0	0	-	-	0	-	0
Sale of minority interests without a change in controll	-	-	-	-	1 391	1 391	205	1 596
Realization of financial asset at fair value through OCI	-	-	-	-798	798	-	-	-
Other changes from DS	-	0	-	-	20	20	9	29
Dividends paid	-	-	-	-	-1 697	-1 697	-28	-1 725
Closing balance at 31.06	224	8	-64	49	3 210	3 427	513	3 940

Arendals Fossekompani
Developing green-tech companies

Visiting

Arendals Fossekompani ASA
Langbryggen 9
4841 Arendal
Norway

Post

Postboks 280
4803 Arendal

Contact

Tlf: +47 37 23 44 00
firmapost@arendalsfoss.no
www.arendalsfossekompani.no

Investor contact

Lars Peder Fensli, CFO
lars.peder.fensli@arendalsfoss.no
Tlf: +47 953 63 670

Production

Arendals Fossekompani's Interim Report
Q2 2021 has been produced by Group
Finance and Group Communication

Design and layout

Mission AS