

# Arendals Fossekompani

## Interim Report

Q4 2021

# Sales. Results. Dividends.

## Our best quarter ever

With an operating profit (EBIT) of NOK 179 million, the fourth quarter of 2021 goes down in our financial history as the best quarter.



**NOK 179**  
million

## Electricity prices at record levels

The average price of electricity was EUR/kWh 126.7 in the fourth quarter, almost 10 times higher than the average spot price in Q4 2020.



## Tekna order intake up 46%

Tekna reports a solid order intake for materials in the fourth quarter, raising its total annual order intake to CAD 19.8 million, up 46% year-on-year.

## Dividend: Cash and Tekna shares

Arendals Fossekompani will pay a quarterly dividend for the fourth quarter of NOK 0.9 per share and 1 Tekna share per 5 AFK shares.

**NOK 0.9**  
per share

**1 Tekna share**  
per 5 AFK shares



## Billion NOK milestone for Volve

After a particularly strong fourth quarter, Volve's operating revenues for the full year surpasses NOK 1 billion for the first time.

Financial highlights  
Q4 2021

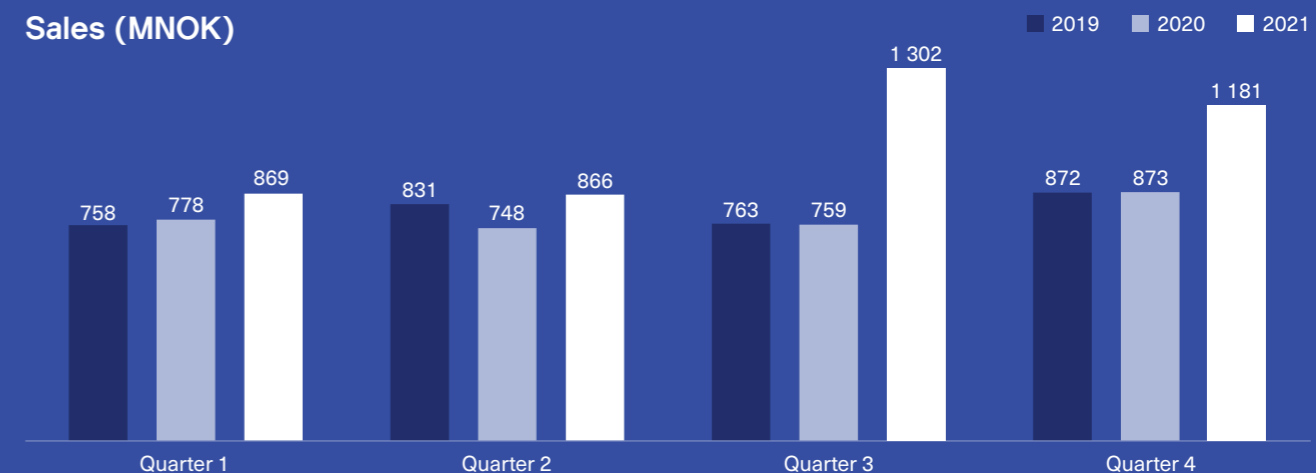
# Sales. Profits. Margins.

KPIs for AFK consolidated, continuing operations

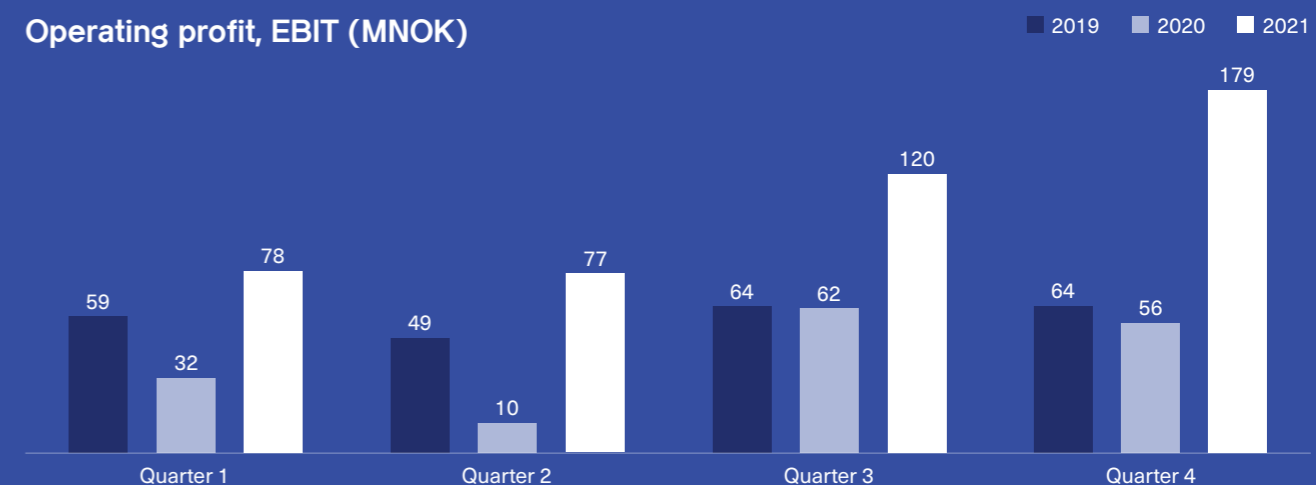
	Q4	Q4	YTD	YTD
MNOK	2021	2020	2021	2020
Operating revenue	1 181	873	4 219	3 157
Operating profit (EBIT)	179	56	453	161
Margin	15%	6%	11%	5%
<b>Operating profit (EBIT) by company</b>				
Parent Company	125	-27	235	-55
Volue	27	11	47	82
NSSLGlobal	52	44	167	162
EFD Induction	31	46	83	41
Tekna	-53	15	-89	-24
Other business	-3	-33	10	-46
Operating profit	179	56	453	161
Profit before income tax	125	41	364	99

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

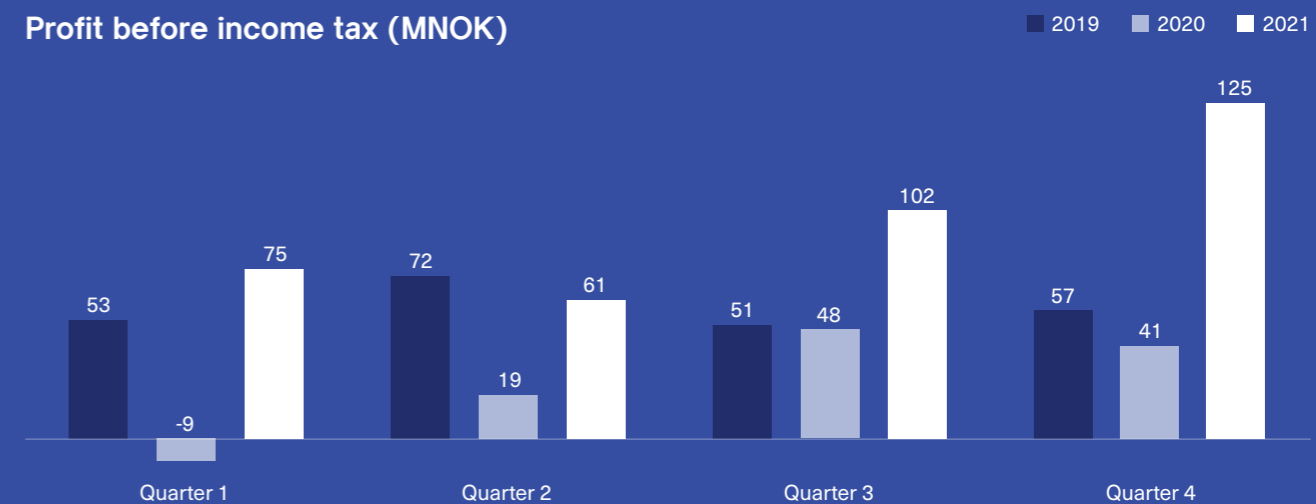
Sales (MNOK)



Operating profit, EBIT (MNOK)



Profit before income tax (MNOK)



ESG in AFK

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

### AMBITIOUS CLIMATE TARGETS FOR 2030

Our climate ambitions are set in accordance with the Paris Agreement.

Our goal is 50 per cent reduction of scope 1 and scope 2 emissions in 2030, with 2021 as a baseline.

We will develop a plan according to science-based targets.

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

126 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 Fossekompni 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 Fossekompni 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 Fossekompni 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	Q4 2021	Q4 2020	Full Year 2021	Full Year 2020
Operating revenue	1 181	873	4 219	3 157
Operating profit (EBIT)	179	56	453	161
Operating margin	15%	6%	11%	5%
Earnings before tax (EBT)	125	41	364	99
Operating cash flow	700	65	763	125
NIBD	-1 813	-580	-1 813	-580
Equity	3 940	3 856	3 940	3 856
Equity ratio	57%	55%	57%	55%

\*Currency values (NOK/CAD): Average Q4 2021: 6.86 / Average Q4 2020: 7.01 / End Q4 2021: 6.94 / End Q4 2020: 6.70

\*Currency values (NOK/GBP): Average Q4 2021: 11.83 / Average Q4 2020: 12.015 / End Q4 2021: 11.89 / End Q4 2020: 11.65

\*Currency values (NOK/EUR): Average Q4 2021: 10.16 / Average Q4 2020: 10.72 / End Q4 2021: 9.99 / End Q4 2020: 10.47

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 26 countries. AFK has proud traditions in power production and owns and operates two hydropower plants. In addition, AFK operates globally in many forward-looking industries including 3D printing, algo trading, satellite services, battery and solar technology, software and digitalisation, as well as various green energy technologies.

#### HIGHLIGHTS – Q4 2021

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

Total operating revenues for continued operations amounted to NOK 1.181 million (873 million) in the fourth quarter and as of 31 December to NOK 4.219 million (3.157 million). Consolidated earnings before tax came in at NOK 125 million (41 million) for the quarter and as of 31 December at NOK 364 million (99 million). Ordinary profit after tax, but before non-controlling interests for continued operations, totaled NOK 2 million (28 million) for the quarter and as of 31 December amounted to NOK 122 million (66 million).

The AFK group of companies continues the solid operational performance delivering the best quarterly result in the group's 126-year history.

The operating profit in the quarter was driven by significantly higher electricity prices in the Nordics and strong operational performance in all portfolio companies.

EFD Induction continues its solid performance. The company reports strong top-line growth and operating profits during 2021, including a top-line growth of 5% in the fourth quarter. The order intake has gradually recovered to pre-pandemic levels during the year, primarily driven by increased demand in Asia. EFD Induction secured high order intake in the quarter and ended the year with a backlog of EUR 100 million, including estimated after-sales of EUR 36 million.

Tekna reported a solid order intake for materials in the fourth quarter, raising its total annual order intake to CAD 19.8 million, up 46% year-on-year. The order backlog for materials reached a record CAD 10.2 million, amid strong demand from the aerospace industry. The market outlook for Additive Manufacturing, which accounts for approximately 60% of Tekna's total revenue, remains positive. Demand in consumer electronics in China is showing promising development and sales in medical implants is climbing towards pre-Covid levels. Tekna aims to uplist to the Oslo Stock Exchange in 2022.

Volue delivered solid performance through its annual recurring revenues (ARR) business in the fourth quarter, with steady growth in new SaaS business. SaaS revenues grew by 36% from the fourth quarter of 2020 to NOK 65 million in the fourth quarter of 2021. Sales performance was strong in the quarter with annual recurring revenues increasing by 17% compared to the corresponding quarter previous year.

NSSLGlobal reports strong sales and operating profit in the quarter, as well as a solid order intake. The company won new contracts totalling GBP 12.2 million, including a GBP 5 million 12-month airtime contract extension and various large governmental and maritime engineering projects. The company's long term backlog provides stable outlook going forward.

As a result of record-high electricity prices in the Nordics, AFK Hydropower contributed with substantial revenues and operating profit in the quarter. The average spot price in the NO2 price area was EUR 126,7/MWh (EUR 12,7 /MWh), lifting revenues from AFK Hydropower to NOK 173 million (25 million) and

#### Development last 5 quarters



operating profit in AFK Parent Company to NOK 125 million (-27 million) compared to the corresponding quarter previous year. Total revenues as of 31 December ended at NOK 382 million (70 million), more than five times higher than 2020-revenues. Full-year operating profit AFK Parent Company came in at NOK 235 million (-55 million). The corresponding provision for income tax for the year is NOK 160 million.

On 1 October, Volue announced final closing of the ProCom acquisition with a preliminary purchase price of EUR 3.25 million, partly settled through cash and issuance of new shares. Headquartered in Achen, Germany, ProCom is a market leader for optimisation in the DACH region with 60+ clients and ARR of EUR 3 million.

The AFK parent company's financial position remains solid. The company's net cash position as of 31 December amounted to NOK 1,411 million. In addition, the company has undrawn credit facilities of NOK 2,000 million, securing net available liquidity of NOK 3,411 at year end.

**EVENTS AFTER THE CLOSE OF THE QUARTER**

On 9 February the Board of Directors decided to pay an ordinary cash dividend of NOK 0.90 per share for the fourth quarter 2021. The dividend is set to be paid on 22 February.

On 9 February the Board of Directors also decided, in order to facilitate a potential uplisting, to allocate Tekna shares as dividend in kind to AFK shareholders. For each 5 shares in AFK, shareholders will receive 1 Tekna share. The shares are set to be transferred on 25 February.

On 9 February the Chairman of the Board, Jon Hindar, announced that he will retire from the Board when his current term ends on 6 May 2022.

On 8 February Seagust announced that Seagust and Swedish

energy major Vattenfall join forces to bid for offshore wind areas in the upcoming Norwegian offshore wind licensing round.

On 21 January Tekna announced the consolidation of its additive manufacturing powder production in Europe at a new facility in Pont-de-Veyle, in eastern France. Tekna has signed a nine-year lease agreement on the facility, which will strengthen the company's supply chain resilience in Europe.

**OUTLOOK FOR 2022**

In light of the market's estimated power price trend for 2022, revenues and operating profit for AFK Hydropower are expected to be somewhat lower in 2022 than in 2021.

Following high activity levels in all portfolio companies, 2022 revenues for AFK group as a whole are expected to be on par with 2021. However, earnings are expected to be lower due to reduced earnings in AFK Hydropower and AFK Property. 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, when 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 2020 was NOK 184 and on 31 December 2021 NOK 445, an increase of 145% in the period. Including direct yield (dividend payouts) in the same period, total increase in shareholder value was 175% in 2021.

The number of shareholders in AFK has more than doubled during 2021, increasing from around 2,600 at the end of 2020 to more than 5,500 at the end of 2021.

AFK's total market capitalization was NOK 24.9 billion at the end of 2021. Compounded annual return to AFK shareholders has been 34% in the period 2012-2021.



# AFK Assets

## volue

AFK ownership  
60.1%

Market cap (31.12)  
8,402 MNOK

Headquarter  
Oslo, Norway

Listed at  
Oslo Børs

## TEKNA

AFK ownership  
79.9 %

Market cap (31.12)  
4,345 MNOK

Headquarter  
Sherbrooke, Canada

Listed at  
Euronext Growth, Oslo



AFK ownership  
96.1%

Headquarter  
Skien, Norway



AFK ownership  
80 %

Headquarter  
London, UK

## alytic

AFK ownership  
96 %

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	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Operating revenue	173	25	382	70
Operating profit (EBIT)	125	-27	235	-55
Operating margin	72%	-105%	61%	-79%
Earnings before tax (EBT)	78	417	1 616	502
Operating cash flow	65	-90	190	-154
NIBD	-950	-400	-950	-400
Equity	2 906	3 383	2 906	3 383
Equity ratio	79%	82%	79%	82%

## HYDROPOWER (extracted from AFK Parent Company financial figures), MNOK

Operating revenue	171	25	373	63
Operating profit (EBIT)	155	5	300	-2
Operating margin	91%	20%	80%	-
Earnings before tax (EBT)	155	5	300	-2

The AFK Parent Company focuses on the development of new sustainable business opportunities, follow-up of portfolio companies through long-term active ownership, hydropower generation, property projects and management of financial investments.

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

### HIGHLIGHTS OF Q4 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 fourth 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, resulted in record-high prices. Stronger export to the UK after commissioning of a new North Sea Link, triggered an even stronger connection to the high European prices.

Power generation in the fourth quarter amounted to 137,1 GWh (139,2 GWh). The average spot price in the NO2 price area was EUR 126,7/MWh (EUR 12,7 /MWh). AFK has a defined strategy of selling hydropower production in the day-ahead (spot) market. Precipitation and inflow in 2021 was respectively around 85% and 85% of the norm for the watercourse.

Full-year operating profit AFK Parent Company came in at NOK 235 million (-55 million). The corresponding provision for income tax for the year is NOK 160 million.

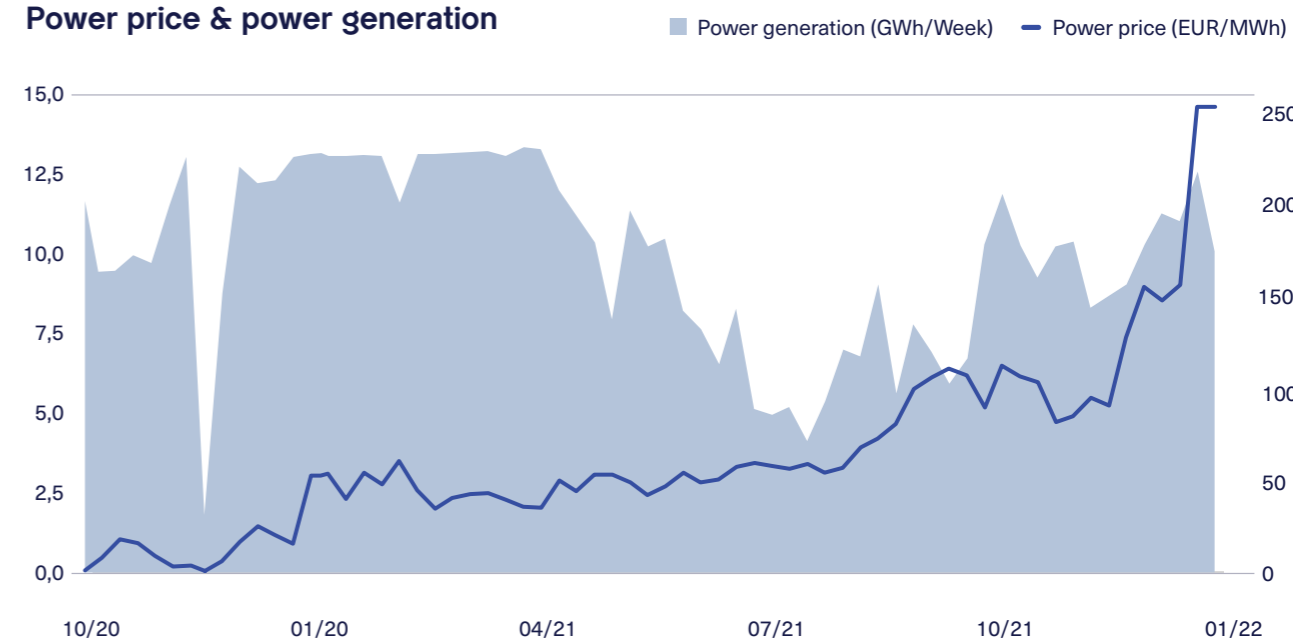
The figure below shows the power price (NO2) and power generation for Arendals Fossekompani per week for the period 30/09/2020 – 31/12/2021:

The AFK parent company's financial position remains solid. The company's net cash position as of 31 December amounted to NOK 1,411 million. In addition, the company has undrawn credit facilities of NOK 2,000 million, securing net available liquidity of NOK 3,411 as per end of the quarter.

### OUTLOOK 2022

In light of the market's estimated power price trend for 2022, revenues and operating profit for AFK Hydropower are expected to be somewhat lower in 2022 than in 2021.

### Power price & power generation





# Volue

## Portfolio company

**HEADQUARTER**  
OSLO, NORWAY

**CHAIRMAN**  
ØRJAN SVANEVIK

**CEO**  
TROND STRAUME

**OWNERSHIP AFK**  
60.1%

**EMPLOYEES**  
730

**COUNTRIES**  
8



FINANCIAL FIGURES, MNOK	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Operating revenue	312	240	1 040	892
Operating profit (EBIT)	27	12	47	82
Operating margin	9%	5%	5%	9%
Earnings before tax (EBT)	21	8	42	73
Operating cash flow	63	89	122	190
NIBD	-382	-432	-382	-432
Equity	765	743	765	743
Equity ratio	43%	50%	43%	50%

Serving more than 2,200 customers in 40+ 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.

### STRONG GROWTH IN ARR AND TOTAL REVENUES

Volue delivered solid performance through its annual recurring revenues (ARR) business in the fourth quarter, with steady growth in new SaaS business. SaaS revenues grew by 36% from fourth quarter 2020 to NOK 65 million in fourth quarter 2021. The Energy Segment delivered 51% revenue growth, driven by extraordinary high activity within the Trading area, including trading advisory services. The company experienced strong sales performance in the quarter, including a break-through contract in Iberia. The solid performance in the quarter resulted in the full year operating revenues exceeding the NOK 1 billion target for 2021.

In December, Volue received an insurance settlement of NOK 20 million related to the cyber incident in May 2021. The settlement has been recognized as other income in the quarter, reducing the estimated financial impact related to the cyber incident from NOK 40 million to NOK 20 million. The amount received was the maximum payout under Volue's insurance coverage and was in line with the company's expectations.

After quarter end, Volue completed the integration and re-branding of the two German companies Likron and ProCom.

### HIGHLIGHTS OF Q4 2021

Total operating revenues in the quarter amounted to NOK 312 million (240 million) and for the full year 2021, NOK 1,040 million (892 million). Earnings before tax for the quarter totaled NOK 21 million (7 million) and for the full year 2021, NOK 42 million (73 million).

The revenue growth year-on-year was mainly driven by the Energy Segment, increasing by 30% from NOK 456 million in 2020 to NOK 595 million in 2021. Expansion of European footprint and growing international activities are the main drivers for growth through new markets and solution such as trading, optimisation, forecast and analyses. Full-year operating revenues for the Power Grid segment increased from NOK 235 million to NOK 249 million, whilst the full-year operating revenues for the Infrastructure segment ended at NOK 197 million (201 million). Sales performance was strong in fourth quarter, and annual recurring revenues increased by 17% compared to fourth quarter 2020. Strategic investments in SaaS platform and new

markets expansion creates short- to mid-term EBITDA impact and the Company is also investing in new product features for international growth.

### OUTLOOK

Volue sees continued strong market and has a strong foundation for continued profitable growth and expansion.

The long term ambition is to exceed NOK 2 billion revenues by 2025, with the following additional priorities and ambitions for 2022:

- Expand activities outside Europe
- Adjusted EBITDA margin in line with Q4 2021
- Continue to grow ARR business in line with 2025 targets and 2021 performance
- Structural growth through M&A
- Strategic investments for scalable growth
- Further utilise synergies and strengthen organisation

Development last 5 quarters



# Tekna Holding

## Portfolio company

**HEADQUARTER**  
SHERBROOKE, CANADA

**CHAIRMAN**  
MORTEN HENRIKSEN

**CEO**  
LUC DIONNE

**OWNERSHIP AFK**  
79.9%

**EMPLOYEES**  
176

**COUNTRIES**  
4



FINANCIAL FIGURES, MNOK*	Q4 2021	Q4 2020	Full Year 2021	Full Year 2020
Sales	42	47	184	150
Operating profit (EBIT)	-53	15	-89	-24
Operating margin	-	32%	-	-
Earnings before tax (EBT)	-55	-1	-98	-48
Operating cash flow	-12	30	-88	2
NIBD	-215	150	-215	150
Equity	531	128	531	128
Equity ratio	82%	36%	82%	36%

\*Currency values (NOK/CAD): Average Q4 2021: 6.86 / Average Q4 2020: 7.01 / End Q4 2021: 6.94 / End Q4 2020: 6.70

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.

### RECORD-HIGH ORDER BACKLOG, INCREASED CAPACITY

Tekna reported a solid order intake of CAD 6.6 million for materials in the fourth quarter, raising its total annual order intake to CAD 19.8 million. This is a 46% increase year-on-year, which provides great momentum going into the new year. Q4 powder production capacity increased by 26% over Q3. The order backlog for materials reached a record CAD 10.2 million, amid strong demand from the aerospace industry. The market outlook for Additive Manufacturing, which accounts for approximately 60% of Tekna's total revenue, remains positive, with demand in consumer electronics in China showing promising developments and sales in medical implants climbing towards pre-Covid levels.

### HIGHLIGHTS OF Q4 2021

Q4 total revenues were CAD 6.0 million (7.4 million) resulting from strong materials revenues of CAD 4.6 million, up 25% year-on-year, with 91% of sales generated from recurring customers. System sales were affected by temporary Covid-related order execution delays (60% decrease). There was one machine shutdown for productivity improvements during the period. Total revenue and materials revenue for the full-year improved 22% and 35% respectively over 2020. Q4 powder production capacity increased by 26% over Q3.

In January 2022, Tekna announced the consolidation of its additive manufacturing powder production in Europe at a new facility in Pont-de-Veyle, in eastern France. Tekna has signed a nine-year lease agreement on the facility, which will strengthen the company's supply chain resilience in Europe. The plant enables Tekna and its subsidiary ImphyTek Powders to be closer to its expanding portfolio of European customers, including previously announced and upcoming long-term supply agreements signed with major aerospace OEMs.

In the Printed Electronics segment, Tekna entered a lease agreement for an industrial-pilot production facility in Sherbrooke, Canada, with the potential of providing capacity of up to 25 tons of powder annually by 2023. Combined, the new facility in France and the facility in Sherbrooke, will create space to grow production capacity by approx. 2,500 tons of powder annually.

In the Energy Storage segment, the JDA with LG Chem reached a first milestone in January 2022.

Tekna aims to uplist to the Oslo Stock Exchange in 2022.

### OUTLOOK

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.

Tekna's revenues and operating profit in 2022 are expected to be higher than 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.

### Development last 5 quarters



# NSSLGlobal

## Portfolio company

HEADQUARTER  
SURREY, UK

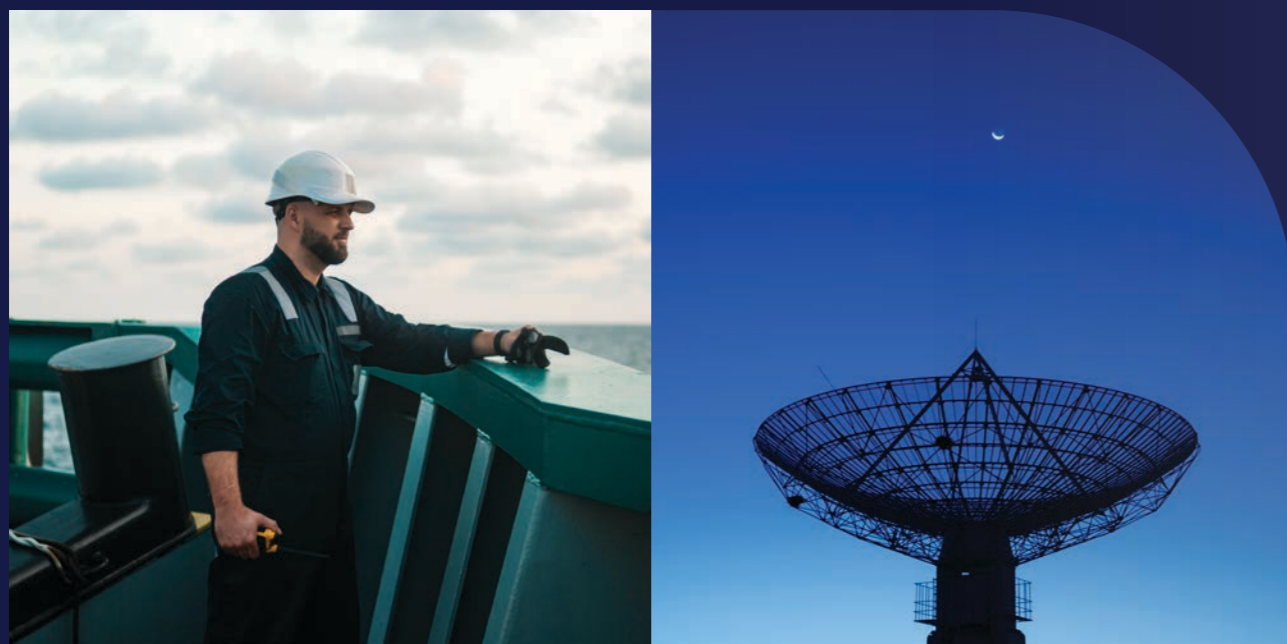
CHAIRMAN  
ARILD NYSÆTHER

CEO  
SALLY-ANNE RAY

OWNERSHIP AFK  
80%

EMPLOYEES  
205

COUNTRIES  
8



FINANCIAL FIGURES, MNOK	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Operating revenue	228	237	894	898
Operating profit (EBIT)	52	44	167	162
Operating margin	23%	19%	19%	18%
Earnings before tax (EBT)	59	37	172	154
Operating cash flow	68	21	177	166
NIBD	-330	-274	-330	-274
Equity	457	424	457	424
Equity ratio	55%	56%	55%	56%

Currency values (NOK/GBP): Average Q4 2021: 11.83 / Average Q4 2020: 12.015 / End Q4 2021: 11.89 / End Q4 2020: 11.65

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 Q4 2021

Total operating revenues in the fourth quarter amounted to GBP 19.3 million (18.3 million). Operating profits came in at GBP 4.4 million (3.4 million). This was largely due to higher short term airtime packages and government projects, offsetting the timing of ESA funding that was received in Q4 2020.

In the fourth quarter, NSSLGlobal won £12.2m of new business opportunities including a £5m 12-month airtime contract extension and various large governmental and maritime engineering projects.

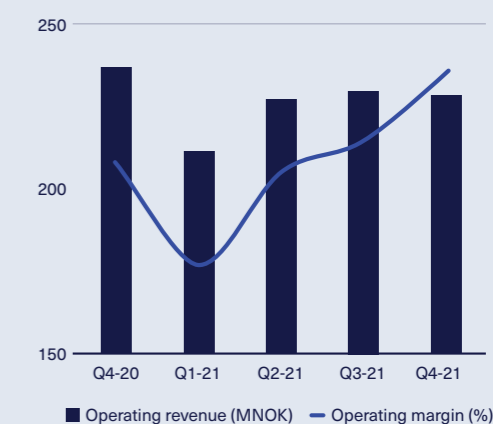
NSSLGlobal's pipeline is strong. Government sales and bid activity in the quarter was particularly busy with several significant (+£10m) government engineering bids for various tenders in UK and Europe submitted.

### OUTLOOK

NSSLGlobal expects 2022 revenues to be in line with 2021, while operating profit is expected to weaken due to contracts in 2021 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  
96.1%

EMPLOYEES  
971

COUNTRIES  
17



FINANCIAL FIGURES, MNOK	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Sales	331	315	1 171	1 104
Operating profit (EBIT)	31	18*	83	14*
Operating margin	9%	6%*	7%	1%*
Earnings before tax (EBT)	29	17*	72	3*
Operating cash flow	71	85	96	68
NIBD	31	52	31	52
Equity	405	374	405	374
Equity ratio	36%	35%	36%	35%

\*Adjusted for a NOK 27 million profit following the sale of Bøleveien 4.  
Currency values (NOK/EUR): Average Q4 2021: 10.16 / Average Q4 2020: 10.72 / End Q4 2021: 9.99 / End Q4 2020: 10.47

EFD Induction delivers advanced green power technology based on induction technology. Group activities are concentrated in three areas: Induction Heating Machines, Induction Power Systems and Spares and Service. EFD Induction's main customers are in the automotive industry, wind turbines, pipe production, the electronics industry, the cable industry and mechanical engineering.

### RECOVERING MARKETS

EFD Induction saw higher revenue and sharply improving operating margins through 2021. The market is fully recovered in China, and the demand in the Asian region is increasing. The automobile market in Europe is also recovering but at a slower pace. The introduction of modular solutions and products like Weldac® in 2021 leads to increased customer interest and solid development of order backlog.

### HIGHLIGHTS OF Q4 2021

Total operating revenues increased 5% to NOK 331 million in the fourth quarter (315 million) and 6% to NOK 1,171 million for the full year 2021 (1,104 million). Operating profit (EBIT) was NOK 31 million (18 million) in the fourth quarter. EBIT for the full year 2021 increased from NOK 14 million to NOK 83 million, with the operating margin improving from 1% in 2020 to 7%. Earnings before tax was NOK 29 million in the fourth quarter (17 million), and NOK 72 million for the full year (3 million).

The pace of the revenue recovery has been negatively affected by persistent global supply chain constraints and logistic challenges in 2021, as well continued negative effects of the Covid-19 pandemic. However, the order intake has gradually recovered to pre-pandemic levels during 2021, primarily driven by new orders in Asia. The company ended the year with an order backlog of EUR 100 million, including estimated after-sales of EUR 36 million.

Revenue and margins in the fourth quarter reflect generally solid project execution, especially in India and China.

The sharp improvement in full-year operating margins as a result of both a higher activity level and that the cost initiatives have taken gradually stronger effects through 2020 and 2021.

### OUTLOOK

EFD Induction is expected to continue the solid revenue growth with gradually higher operating margins over time. A solid order backlog and high activity in important regions accounts for the positive development in 2021, which is expected to continue in 2022.

EFD Induction is a global market leader in induction heating, and the market opportunities for induction technology is predicted to have an interesting potential going forward.

EFD Induction expects revenues and operating profit in 2022 to be on par with 2021.

### Development last 5 quarters



# Alytic

## Portfolio company

**HEADQUARTER**  
ARENDAAL, NORWAY

**CHAIRMAN**  
MORTEN HENRIKSEN

**CEO**  
ESPEN ZACHARIASSEN

**OWNERSHIP AFK**  
96 %

**EMPLOYEES**  
42

**COUNTRIES**  
2



FINANCIAL FIGURES, MNOK	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Operating revenue	8	2	27	2
Operating profit (EBIT)	-8	-1	-16	-1
Operating margin	-	-	-	-
Earnings before tax (EBT)	-9	-1	-16	-1
Operating cash flow	-8	-0	-13	-0
NIBD	-25	-32	-25	-32
Equity	79	59	79	59
Equity ratio	77%	80%	77%	80%

Alytic invests in companies with products and services relevant to global markets with data at the core of their value proposition. The Alytic approach is to search for, and invest in, companies to which Alytic can contribute with substantial value and work closely with a dedicated management team. This includes hands-on support in strategy, leadership, sales, recruitment, HR, data science and technology.

### HIGHLIGHTS OF Q4 2021

Alytic's portfolio companies are experiencing a strong growth in demand for their products. All three portfolio companies are scaling capacity and strengthening competency areas especially within mgmt. and technology. A number of key hires were completed in Q4, both in the portfolio companies as well as in the Alytic team.

#### 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. In 2022 Greenfact will expand its product offering to additional green instruments.

#### 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

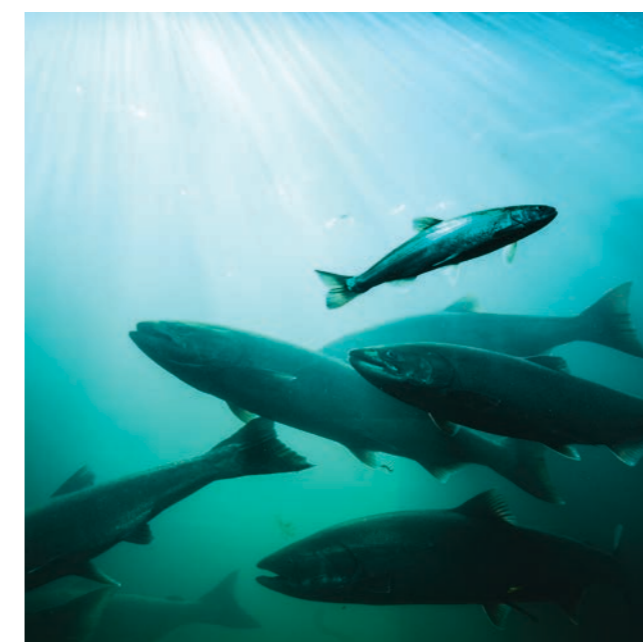
is widely regarded as a leading competence centre on aquaculture and fisheries with a strong global presence systemizing the world of fisheries and aquaculture. Launch of a new insights portal for aquaculture packaged as a subscription service is on schedule and planned for Q3 2022.

#### Utel

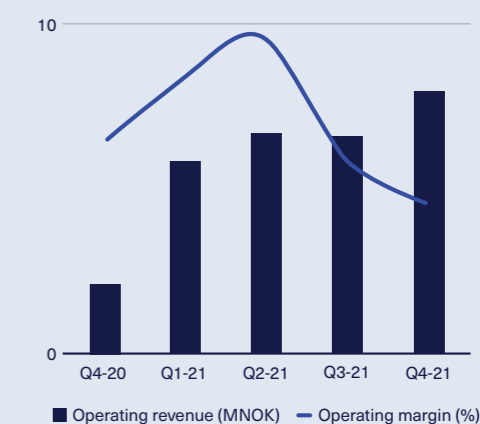
Utel is a leading provider of services for network monitoring and analysis, with strong domain expertise and a solid platform for product expansion and international scalability. Utel serves telecom carriers, fixed and mobile network operators, service providers, wholesale suppliers, intelligence services,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

### OUTLOOK

Alytic's mandate is to continue growing its portfolio. Focus will be on developing the verticals further, in particular completing new acquisitions within the ESG & Renewables space. Expect 1-2 new acquisitions in Q1 2022.



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. 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. Seagust and Swedish energy major Vattenfall have joined forces with the intention to bid on two areas in the upcoming Norwegian offshore wind licensing round.

## AMMONIA

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.

Eydehavn in Arendal has been chosen as the first production site for North Ammonia. Eydehavn is being developed as a maritime hub and is ideally located for green ammonia production and distribution. MoUs have been signed with maritime end-users. World-class technology, engineering and maritime cooperation partners are in place to develop the project and production facility. Production is expected to start in 2025.

## 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. Germany, with a new government, has increased its renewables growth ambitions significantly, and demand for battery based storage is expected to increase accordingly. The concept has numerous links to portfolio companies, including Volue and EFD Induction, but also battery system software start-up Collect Energy, where AFK recently secured 20% ownership.

## 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. Today, AFK holds a 15.7 per cent stake in the company.

## BATTERIES

Beyonder, founded in 2016 by its CEO Svein Kvernstuen, develops 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 developing 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 2021. Apartment sales have been very good with all of the 113 apartments sold as per year-end.

98 apartments were delivered to the buyers in the third quarter, 11 more were delivered in the fourth quarter, and the remaining 4 apartments were delivered in January. As a result, AFK Property booked the corresponding sales value of NOK 68 million in the fourth quarter. Total sales in 2021 amounted to NOK 496 million.

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, when each share in AFK was split into 25 shares, there are now a total of 55,995,250 shares in the company. As of 31 December a total of 1,099,300 were treasury shares.

The share price on 30 September was NOK 309 and on 31 December NOK 445.

### 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

Following high activity levels in all portfolio companies 2022 revenues for AFK group as a whole are expected to be on par with 2021. However, earnings are expected to be lower due to reduced earnings in AFK Hydropower and in AFK Property. There remains uncertainty associated with the Covid-19 pandemic and the future development of energy prices..

#### AFK HYDROPOWER

In light of the market's estimated power price trend for 2022, revenues and operating profit for AFK Hydropower are expected to be somewhat lower in 2022 than in 2021.

#### VOLUE

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

#### TEKNA

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

#### NSSLGLOBAL

NSSLGlobal expects 2022 revenues to be in line with 2021, while operating profit is expected to weaken due to contracts in 2021 that had particularly good margins.

#### EFD INDUCTION

EFD Induction expects revenues and operating profit in 2022 to be on par with 2021.

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

*Froland, 09 February 2022*

**The Board of Directors, Arendals Fossekompni ASA**





## Consolidated statement of profit or loss

Amount in MNOK	Note	2021	2021	2020	2021	2020
		Q4	Q3	Q4	Year to date	Full year
<b>Continuing operations</b>						
Sales revenues	7	1 153	1 297	862	4 174	3 102
Total other Income		28	5	11	44	56
<b>Operating revenue</b>		<b>1 181</b>	<b>1 302</b>	<b>873</b>	<b>4 219</b>	<b>3 157</b>
Cost of sales		329	675	304	1 555	1 062
Total staff cost		378	333	381	1 398	1 307
Total other operating cost	2	227	114	68	578	387
<b>Operating expense</b>		<b>934</b>	<b>1 122</b>	<b>753</b>	<b>3 531</b>	<b>2 756</b>
<b>EBITDA</b>		<b>247</b>	<b>180</b>	<b>120</b>	<b>687</b>	<b>401</b>
Depreciation	2	42	44	41	171	170
Amortisation		22	15	15	58	62
Impairment loss from PPE	3	-	1	8	1	9
Impairment loss from intangible assets	3	5	-	-	5	-
<b>Operating profit</b>		<b>179</b>	<b>120</b>	<b>56</b>	<b>453</b>	<b>161</b>
<b>Finance income and finance costs</b>						
Total finance income		8	8	28	52	59
Finance cost	3	57	23	29	129	106
<b>Net financial items</b>		<b>-49</b>	<b>-15</b>	<b>-1</b>	<b>-77</b>	<b>-47</b>
Equity company income		-4	-3	-14	-12	-14
<b>Profit before income tax</b>		<b>125</b>	<b>102</b>	<b>41</b>	<b>364</b>	<b>99</b>
Provision for income tax		123	36	12	242	34
<b>Profit for the period, continuing operations</b>		<b>2</b>	<b>67</b>	<b>28</b>	<b>122</b>	<b>66</b>
Profit (-loss) from discontinued operation	6		21	10	29	54
<b>Profit for the period</b>		<b>2</b>	<b>88</b>	<b>38</b>	<b>151</b>	<b>120</b>
<b>Attributable to:</b>						
Minority interest income		-1	6	19	9	58
Equity holders of the parent		3	82	19	141	62
<b>Basic/diluted earnings per share (NOK)</b>		<b>0,04</b>	<b>1,60</b>	<b>0,70</b>	<b>2,74</b>	<b>2,19</b>
<b>Statement of comprehensive income</b>						
<b>Profit for the period</b>		<b>2</b>	<b>88</b>	<b>38</b>	<b>151</b>	<b>120</b>
FX differences on translation of foreign operations		-12	-306	-42	-334	7
Change on Cash flow hedges		2	-3	15	-4	9
Tax on OCI that may be reclassified to P&L		-1	1	-3	0	-2
OCI that may be reclassified to P&L		-12	-308	-29	-338	14
Change in financial assets at fair value through OCI		1	-2	77	95	-162
Actuarial gains and Losses		5	-	4	5	4
Tax on OCI that will not be reclassified to P&L		-1	-	-1	-1	-1
OCI that will not be reclassified to P&L		5	-2	81	100	-159
OCI from discontinued operations			-0	-25	2	-15
<b>Total Other Comprehensive Income (OCI)</b>		<b>-6</b>	<b>-310</b>	<b>26</b>	<b>-236</b>	<b>-160</b>
<b>Total Comprehensive Income</b>		<b>-4</b>	<b>-222</b>	<b>65</b>	<b>-86</b>	<b>-40</b>
<b>Attributable to:</b>						
Minority Interest		-4	-3	14	4	58
Equity holders of the parent		0	-221	51	-89	-99
<b>Total Comprehensive Income per share (NOK)</b>		<b>0,08</b>	<b>-4,05</b>	<b>1,18</b>	<b>-1,56</b>	<b>-0,73</b>

## Consolidated balance sheet

Amount in MNOK	Note	2021	2021	2020
		Q4	Q3	Full year
<b>Assets</b>				
Fixed assets		932	946	985
Intangible assets and goodwill		1 098	1 033	964
Investment in equity companies		7	7	9
Net pension assets		38	25	16
Non-current receivables and investments		296	332	305
Deferred tax assets		87	103	132
<b>Non-current assets</b>		<b>2 459</b>	<b>2 447</b>	<b>2 412</b>
Inventories		511	534	673
Contract assets		151	182	161
Total receivables		1 050	1 171	704
Cash and cash equivalents		2 716	2 461	1 688
Derivatives - current assets:		5	2	5
Financial assets at fair value through OCI		15	15	735
Financial assets clas. as held for trading		-	-	10
Assets classified as held for sale	6	-	-	598
<b>Current assets</b>		<b>4 448</b>	<b>4 365</b>	<b>4 575</b>
<b>Total assets</b>		<b>6 907</b>	<b>6 812</b>	<b>6 987</b>
<b>Equity and liabilities</b>				
Common stock		224	224	224
Other paid in capital		10	8	8
Own shares		-63	-64	-64
Other reserves		-38	-32	704
Retained earnings		3 263	3 282	2 680
<b>Owner's equity</b>		<b>3 395</b>	<b>3 418</b>	<b>3 553</b>
Minority Interest		544	541	303
<b>Total equity</b>	<b>8</b>	<b>3 940</b>	<b>3 959</b>	<b>3 856</b>
Bond		497	497	-
Non-current borrowings		264	261	423
Employee benefits		35	33	26
Provisions		21	19	41
Deferred taxes		70	80	55
RoU liabilities, non-current		143	139	178
<b>Non-current liabilities</b>		<b>1 031</b>	<b>1 029</b>	<b>723</b>
Bond		-	-	300
Interest and ex rate swap		-	-	107
Interest-bearing current borrowings		27	355	236
Bank overdraft		114	102	87
Derivatives - current liabilities		4	3	9
Accounts payable		783	465	582
Payable income tax		196	78	52
Contract liabilities		155	210	153
RoU-liabilities, current		64	62	54
Other current liabilities		592	550	450
Liabilities classified as held for sale	6	0	-	387
<b>Current liabilities</b>		<b>1 936</b>	<b>1 824</b>	<b>2 408</b>
<b>Total liabilities and equity</b>		<b>6 907</b>	<b>6 812</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>Profit for the period, continuing operations</b>		<b>122</b>	<b>66</b>
<b>Adjusted for</b>			
Depreciation, Impairment and Amortization		245	243
Net financial items		77	48
Equity company income		12	-10
Gain/Loss from sales of assets		0	-10
Tax expense		242	34
<b>Total after adjustments to net income</b>		<b>698</b>	<b>371</b>
Change in Inventories		168	-201
Change in trade and other receivables		-319	-143
Change in trade and other payables		183	122
Change in other current assets		-11	33
Change in other current liabilities		133	32
Change in other provisions		-25	32
Change in employee benefits		-9	-3
<b>Total after adjustments to net assets</b>		<b>817</b>	<b>243</b>
Tax paid		-55	-118
<b>Net cash from operating activities</b>	<b>A</b>	<b>763</b>	<b>125</b>
<b>Cash flow from investing activities</b>			
Interest received etc.		14	18
Dividends received		3	10
Proceeds from sales of PPE		25	53
Purchase of PPE and intangible assets		-247	-206
Purchase of financial assets at fair value		-9	-1
Proceed from sale of financial assets at fair value		834	-
Purchase of other investments		-48	-73
Proceed from sale of other investments		38	-1
Purchase of shares in subsidiaries		-20	-386
Proceeds from the sales of shares in subsidiaries		1 212	1 047
<b>Net cash from investing activities</b>	<b>B</b>	<b>1 803</b>	<b>461</b>
<b>Cash flow from financing activities</b>			
Cash Flow from Issue Of Stock		706	-1
New long-term borrowings		568	134
Repayment of long-term borrowings		-703	-74
Cash Flow from Payment of loans		-1	-
Cash Flow from Net change in current interest bearing debt		-190	201
Interest paid etc.		-64	-74
Dividend paid		-1 806	-235
Cash Flow from Own Shares		-8	6
<b>Net cash from financing activities</b>	<b>C</b>	<b>-1 497</b>	<b>-42</b>
<b>Cash Flow</b>	<b>A+B+C</b>	<b>1 069</b>	<b>544</b>
Opening Balance for Cash asset		1 688	1 123
Total effect from FX on non-Cash accounts		-41	21
<b>Closing Balance for Cash asset</b>		<b>2 716</b>	<b>1 688</b>

## Profit or loss Parent Company

Amount in MNOK	Note	2021	2021	2020	2021	2020
		Q4	Q3	Q4	Year to date	Full year
Sales revenue		169	65	22	371	60
Total other income		3	2	4	12	10
<b>Operating revenue</b>		<b>173</b>	<b>68</b>	<b>25</b>	<b>382</b>	<b>70</b>
Cost of sales		-2	-2	3	-2	6
Total staff cost		17	15	34	68	65
Total other operating cost		29	10	13	68	44
<b>Operating expense</b>		<b>44</b>	<b>23</b>	<b>50</b>	<b>134</b>	<b>115</b>
<b>EBITDA</b>		<b>128</b>	<b>44</b>	<b>-24</b>	<b>248</b>	<b>-45</b>
Depreciation		4	3	2	12	9
Amortisation		0	1	0	2	1
<b>Operating profit</b>		<b>125</b>	<b>41</b>	<b>-27</b>	<b>235</b>	<b>-55</b>
<b>Finance income and finance costs</b>						
Total finance income	9	6	317	464	1 471	622
Finance cost		53	4	21	90	64
<b>Net financial items</b>		<b>-47</b>	<b>313</b>	<b>443</b>	<b>1 381</b>	<b>557</b>
<b>Profit before taxes</b>		<b>78</b>	<b>354</b>	<b>417</b>	<b>1 616</b>	<b>502</b>
Provision for income tax		84	24	-0	160	-18
<b>Profit for the period</b>		<b>-6</b>	<b>329</b>	<b>417</b>	<b>1 456</b>	<b>520</b>
<b>Attributable to:</b>						
Equity holders of the parent		-6	329	417	1 456	520
<b>Basic/diluted earnings per share (NOK)</b>		<b>-0,10</b>	<b>6,00</b>	<b>7,60</b>	<b>26,52</b>	<b>9,48</b>
<b>Statement of comprehensive income</b>						
<b>Profit for the period</b>		<b>-6</b>	<b>329</b>	<b>417</b>	<b>1 456</b>	<b>520</b>
Change in financial assets at fair value through OCI		1	-2	77	95	-162
Actuarial gains and Losses		3	-	5	3	5
Tax on OCI that will not be reclassified to P&L		-1	-	-1	-1	-1
OCI that will not be reclassified to P&L		3	-2	81	97	-158
<b>Total Other Comprehensive Income (OCI)</b>		<b>3</b>	<b>-2</b>	<b>81</b>	<b>97</b>	<b>-158</b>
<b>Total Comprehensive Income</b>		<b>-3</b>	<b>327</b>	<b>498</b>	<b>1 553</b>	<b>362</b>
<b>Attributable to:</b>						
Equity holders of the parent		-3	327	498	1 553	362
<b>Total Comprehensive Income per share (NOK)</b>		<b>-0,05</b>	<b>5,96</b>	<b>9,07</b>	<b>28,30</b>	<b>6,59</b>

## Balance sheet Parent Company

Amount in MNOK	Note	2021	2021	2020
		Q4	Q3	Full year
<b>Assets</b>				
Fixed assets		170	171	172
Intangible assets and goodwill		11	11	12
Investment in sub		1 628	1 638	1 795
Intra-group loans		5	5	142
Net pension assets		14	10	10
Non-current receivables and investments		209	251	227
Deferred tax assets		42	60	84
<b>Non-current assets</b>		<b>2 079</b>	<b>2 146</b>	<b>2 442</b>
Total receivables		159	117	158
Cash and cash equivalents		1 411	1 342	766
Financial assets at fair value through OCI		15	15	735
<b>Current assets</b>		<b>1 585</b>	<b>1 474</b>	<b>1 659</b>
<b>Total assets</b>		<b>3 665</b>	<b>3 619</b>	<b>4 101</b>
<b>Equity and liabilities</b>				
Common stock		224	224	224
Other paid in capital		10	8	8
Own shares		-63	-64	-64
Other reserves		1	-0	703
Retained earnings		2 735	2 785	2 512
<b>Owner's equity</b>		<b>2 906</b>	<b>2 953</b>	<b>3 383</b>
<b>Total equity</b>		<b>2 906</b>	<b>2 953</b>	<b>3 383</b>
Bond		497	497	-
Non-current borrowings		-1	-1	217
Employee benefits		7	7	7
Provisions		10	10	-
RoU liabilities, non-current		15	15	17
<b>Non-current liabilities</b>		<b>529</b>	<b>528</b>	<b>241</b>
Bond		-	-	300
Interest and ex rate swap		-	-	107
Accounts payable		52	27	18
Payable income tax		113	52	7
Current interest-bearing liabilities, IC		36	39	29
RoU-liabilities, current		4	3	4
Other current liabilities		25	16	13
<b>Current liabilities</b>		<b>229</b>	<b>138</b>	<b>477</b>
<b>Total liabilities and equity</b>		<b>3 665</b>	<b>3 619</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>1 456</b>	<b>520</b>
<b>Adjusted for</b>			
Depreciation, Impairment and Amortization		13	10
Net financial items		-1 381	-557
Tax expense		160	-18
<b>Total after adjustments to net income</b>		<b>248</b>	<b>-45</b>
Change in trade and other receivables		-49	-2
Change in trade and other payables		32	-6
Cash flow from Internal Accounts Payable and Receivable		-45	-51
Change in other current liabilities		12	0
Change in employee benefits		-2	-1
<b>Total after adjustments to net assets</b>		<b>196</b>	<b>-104</b>
Tax paid		-7	-50
<b>Net cash from operating activities</b>	<b>A</b>	<b>190</b>	<b>-154</b>
<b>Cash flow from investing activities</b>			
Interest received etc.		12	16
Dividends received		87	144
Purchase of PPE and intangible assets		-10	-8
Purchase of financial assets at fair value		-9	-1
Proceed from sale of financial assets at fair value		824	-
Purchase of other investments		-25	-29
Purchase of shares in subsidiaries		-47	-228
Proceeds from the sales of shares in subsidiaries		1 354	501
<b>Net cash from investing activities</b>	<b>B</b>	<b>2 221</b>	<b>396</b>
<b>Cash flow from financing activities</b>			
New long-term borrowings		497	92
Repayment of long-term borrowings		-631	-1
Cash Flow from Internal Loans and Borrowings		183	156
Interest paid etc.		-41	-38
Dividend paid		-1 776	-189
Cash Flow from Own Shares		3	5
<b>Net cash from financing activities</b>	<b>C</b>	<b>-1 765</b>	<b>25</b>
<b>Cash Flow</b>	<b>A+B+C</b>	<b>646</b>	<b>267</b>
Opening Balance for Cash asset		766	499
<b>Closing Balance for Cash asset</b>		<b>1 411</b>	<b>766</b>

## Notes to interim report for Q4 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 material 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.

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 discontinued operations income</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
	01.01-28.07	Full year
<b>Operating revenues and operating costs</b>		
Operating revenue	281	516
Operating expense	262	469
Depreciation	9	19
<b>Operating profit</b>	<b>9</b>	<b>27</b>
Net financial items	-2	-6
<b>Profit before taxes</b>	<b>8</b>	<b>21</b>
Provision for income tax		6
<b>Net income from discontinued operations</b>	<b>8</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>16</b>
<b>Basic/diluted earnings per share (NOK)</b>	<b>0,53</b>	<b>0,28</b>
<b>Balance sheet</b>		
Non-current assets		337
Current assets		260
<b>Assets classified as held for sale</b>		<b>598</b>
Non-current liabilities		160
Current liabilities		209
<b>Liabilities classified as held for sale</b>		<b>388</b>

## Note 7 Segment reporting per 31.12

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	371	60	-	-	184	148	885	898	563	545
Total sales over time	-	-	-	-	854	743	-	-	608	559
Total other Income	3	3	9	7	20	1	8	-	8	46
<b>Operating revenue</b>	<b>373</b>	<b>63</b>	<b>9</b>	<b>7</b>	<b>1 060</b>	<b>892</b>	<b>894</b>	<b>898</b>	<b>1 179</b>	<b>1 150</b>
Operating expense	63	56	71	59	921	744	685	684	1 036	1 042
Total depreciation, amortization and impairment	10	9	3	1	92	66	42	52	60	67
<b>Operating profit</b>	<b>300</b>	<b>-2</b>	<b>-65</b>	<b>-53</b>	<b>47</b>	<b>82</b>	<b>167</b>	<b>162</b>	<b>83</b>	<b>41</b>
Equity company income	-	-	-	-	-	-	-	-	-	-
Net financial items	-	-	1 381	557	-5	-9	5	-9	-11	-12
Provision for income tax	130	-3	30	-15	13	10	42	29	19	10
<b>Continuing operations income</b>	<b>170</b>	<b>1</b>	<b>1 286</b>	<b>519</b>	<b>29</b>	<b>63</b>	<b>130</b>	<b>125</b>	<b>53</b>	<b>19</b>
Total assets	238	237	3 426	3 864	1 759	1 473	825	762	1 141	1 058
Total liabilities	172	31	587	686	994	730	369	338	736	684
Net interest bearing debt	-	-	-950	-400	-382	-432	-330	-274	31	52

	TEKNA		COGEN		PROPERTY *		ELIMINATIONS		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total sales at a point in time	120	89	-	-	527	6	0	2	2 651	1 749
Total sales over time	61	52	-	-	-	-	-	-	1 523	1 353
Total other Income	3	33	-	-	10	6	-17	-40	44	56
<b>Operating revenue</b>	<b>187</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>537</b>	<b>12</b>	<b>-21</b>	<b>-48</b>	<b>4 219</b>	<b>3 157</b>
Operating expense	247	174	-	-	509	16	-12	-17	3 520	2 756
Total depreciation, amortization and impairment	29	34	-	-	16	9	-8	2	245	240
<b>Operating profit</b>	<b>-89</b>	<b>-24</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-12</b>	<b>-2</b>	<b>-33</b>	<b>453</b>	<b>161</b>
Equity company income	-10	-14	-	-	-	-	-2	-	-12	-14
Net financial items	11	5	-	-	-2	-2	-1 444	-563	-65	-33
Provision for income tax	-1	3	-	-	8	0	0	-1	242	34
<b>Continuing operations income</b>	<b>-98</b>	<b>-51</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-15</b>	<b>-1 450</b>	<b>-595</b>	<b>122</b>	<b>66</b>
Total assets	644	354	-0	598	573	714	-1 699	-2 073	6 907	6 987
Total liabilities	113	226	-	423	278	456	-280	-443	2 967	3 131
Net interest bearing debt	-215	150	-	-	43	324	-10	-0	-1 813	-580

\* 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>FY2020</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	-	-	-	-	65	<b>65</b>	55	<b>120</b>
Total Other Comprehensive Income (OCI)	-0	-0	-	-164	0	<b>-163</b>	3	<b>-160</b>
Own shares	-	2	3	-	-	<b>5</b>	-	<b>5</b>
Other changes from DS	0	-	-	-0	660	<b>660</b>	147	<b>807</b>
Dividends paid	-	-	-	-	-190	<b>-190</b>	-44	<b>-234</b>
<b>Closing balance at 31.12</b>	<b>224</b>	<b>8</b>	<b>-64</b>	<b>704</b>	<b>2 680</b>	<b>3 553</b>	<b>303</b>	<b>3 856</b>

FY2021

<b>Opening balance at 01.01</b>	224	8	-64	704	2 680	<b>3 553</b>	303	<b>3 856</b>
Net Profit for the Period	-	-	-	-	132	<b>132</b>	19	<b>151</b>
Total Other Comprehensive Income (OCI)	-0	-	0	55	-276	<b>-221</b>	-15	<b>-236</b>
Own shares	-	2	1	-	-11	<b>-7</b>	-3	<b>-11</b>
Sale of minority interests without a change in controll	-	-	-	-	1 632	<b>1 632</b>	205	<b>1 837</b>
Realization of financial asset at fair value through OCI	-	-	-	-798	798	<b>-</b>	-	<b>-</b>
Other changes from DS	-	-	-	0	85	<b>85</b>	65	<b>151</b>
Dividends paid	-	-	-	-	-1 778	<b>-1 778</b>	-29	<b>-1 807</b>
<b>Closing balance at 31.12</b>	<b>224</b>	<b>10</b>	<b>-63</b>	<b>-38</b>	<b>3 263</b>	<b>3 395</b>	<b>544</b>	<b>3 940</b>

## Note 9 Finance income, Parent Company

Amount in MNOK

	2021	2020
	YTD	YTD
Interest income, I/C	4	9
Interest income	8	6
Currency exchange income		20
Gain on partial sale of subsidiaries	1052	441
Gain on sale of subsidiaries	82	0
Gain on dividend in kind of shares in subsidiaries	239	0
Dividend income	3	10
Dividend income I/C	85	134
<b>Total</b>	<b>1471</b>	<b>622</b>

Arendals Fossekompani  
Developing green-tech companies

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