ARENDALS FOSSEKOMPANI

Green Bond Report 2025

Energising companies, communities and technology for generations

arendalsfossekompani.no

Executive Summary

In 2021, Arendals Fossekompani introduced a Green Bond Framework with specific criteria for issuing green bond loans to fund projects. The Green Bond Framework aligns with the Green Bond Principles and has received the ratings, Dark Green and Governance Assessment Good from the independent climate research centre CICERO. According to our Green Bond Framework, a minimum of 90 percent of the proceeds generated from the issuance of green bonds will be devoted to Category 1 investments. This category comprises hydropower, solar energy, and green hydrogen. Accordingly, a maximum allocation of 10 percent of the green bond proceeds will be directed towards Category 2 investments, which include eco-efficient and/or circular economy adapted products, production technologies, and processes. This report pertains to green bond investments conducted before December 31, 2025, along with information about intended future investments funded by green bond loans and gives an annual update of the projects.

The Arendals Fossekompani Green Bond Framework and the Second Opinion from CICERO are available on our website.

Introduction

Arendals Fossekompani is a long-term industrial investment company. We are active owners and developers of companies enabling the energy transition and next generation industrial technologies. Our portfolio companies operate globally in industries such as vertical software and analytics, satellite communications, induction technology, industrial 3D printing, property, and hydropower. Our companies employ over 2,100 professionals across 26 countries. Established in 1896, we have been a producer of renewable hydropower for more than 100 years. Our company is headquartered in Arendal and has been listed on the Oslo Stock Exchange since 1913. Through the Green Bond Framework, Arendals Fossekompani aims to finance and refinance investments that align with our sustainability goals and deliver measurable environmental benefits. The proceeds are dedicated to eligible green projects in accordance with the Green Bond Framework.

Reallocation of Old Bonds

An amount equal to the net proceeds of the green bonds will finance or refinance, in whole or in part, investments undertaken by Arendals Fossekompani or its subsidiaries that promote the transition towards a low-carbon and environmentally sustainable society. Approximately NOK 410 million has been used to refinance the bond AFK01 PRO, including a related swap that was put in place in 2011 according to Arendals Fossekompani's hedging policies for currency risk management related to the bond. Given the development in currencies and interest rates, the swap had a negative value which was repaid in full when refinanced with the proceeds from green bond AFK01 PRO. The previous bond was used to finance green energy investments in hydropower, solar wafer production, and tidal power production.

Allocation of Proceeds and Green Savings

Kilandsfoss

Kilandsfoss is a small-scale hydropower plant that Arendals Fossekompani is constructing in cooperation with the municipalities of Froland and Åmli. Kilandsfoss hydropower plant is scheduled to start electricity production in 2026. According to the Green Bond Framework, Kilandsfoss will be classified as a Category 1 project, indicating significant environmental benefits.

Equity contributions of NOK 10 million from the green bond were made in 2023 and an additional NOK 5 million has been contributed for 2025. Further has NOK 5 million been allocated for 2026. Therefore, the total amount of green bonds allocated towards Kilandsfoss will be NOK 20 million.

Commeo

In 2022, Arendals Fossekompani established the battery technology company Ampwell, which consisted of the newly acquired company Commeo. Commeo was a German company specialising in energy storage and energy management solutions. In August 2024, Arendals Fossekompani decided to cease investment in Commeo due to lack of cost competitiveness, prolonged sales delays, and a challenging market resulting in an impairment of shareholding and shareholder loans. 50 million NOK was allocated from the green bond to this investment. This amount is now considered to be lost.

NorSun

NorSun was a Norwegian solar energy company that manufactured high performance mono-crystalline silicon ingots and wafers for the global solar energy industry. NorSun went bankrupt in December 2024. As a company that provided key components to the solar power industry, was classified as a Category 1 investment. The total amount of green bonds allocated to NorSun in 2022 was NOK 15 million and this amount is now lost.

Allocation overview

YEAR	AMOUNT GRANTED (MNOK)	CATEGORY	PROJECT NAME, PROJECT TYPE	OUTSTANDING (MNOK)
2021	410	Refinance of old bond (AFK01 PRO)	Documentation, Cicero 2nd Opinion	90
2022	15	Green Energy, Category 1	NorSun, Refinancing	75
2022	50	Energy Storage, Category 2	Commeo, New project	25
2023	10	Green Energy, Category 1	Kilandsfoss, New project	15
2025	5	Green Energy, Category 1	Kilandsfoss, New project	10
Year end 2025 total	**490**			**10**

Green Project Profiles

Kilandsfoss

Arendals Fossekompani has started the construction phase of the new hydropower plant, Kilandsfoss. The project is in line with key market drivers such as the Norwegian need for 40 TWh new power production by 2030; a significant increase from the current production level of 157 TWh. It is necessary to meet the demands of an ever-increasing population and activity level, which results in increased consumption from households and for the transportation sector. Kilandsfoss, is scheduled to be operational in 2026 and will produce 38 GWh. Kilandsfoss is located in the Arendal Watercourse between the hydropower plants Flatenfoss and Bøylefoss. It has a strategic location with 30% regulation in the watercourse due to the regulation of upstream water, enabling more winter production. The plant is constructed such that any future eel population may be preserved. Furthermore, it will facilitate for outdoor activities such as hiking, canoeing, and kayaking, with the construction of a kayaking trail and a recreational area nearby.

The project is measured on the following sustainability KPIs:

KPI	RESULT 2024	RESULT 2025
Yearly renewable energy production[1]	38 GWh	38 GWh
Potential GHG emissions related to the project or asset[2]	431 tCO^2e	649 tCO_2e
Potential GHG emissions avoided by investing in the project or asset[3]	N/A	N/A

Notes
1. Estimate per year. Reporting starts when production begins in 2026.
2. Emissions from steel, concrete, diesel and electricity during construction.
3. Not yet in production.

12 May 2026

Lars Peder Fensli
Chief Financial Officer, Arendals Fossekompani

Appendix: Green Bond Framework

Use of proceeds

Refinancing of AFK01 PRO

In total approximately NOK 410 million will be used towards refinancing of the existing bond AFK01 PRO, including a related swap that was put in place in 2011 according to Arendals Fossekompani's hedging policies. The previous bond was used to finance green energy investments in hydropower, solar wafer production and tidal energy production.

Selection of eligible new projects for use of proceeds

Arendals Fossekompani will identify and nominate future projects and assets for new investments within the Green Bond Framework for the following two eligible categories below.

SDG 13
Climate action

SDG 7
Affordable and clean energy

Renewable energy (Category 1)

a) Hydropower

Investments in hydropower plants or upgrades on existing hydropower plants, including but not limited to grid connections, electric substations, networks or foundations. Infrastructure investments related to roads or fossil fuel related infrastructure will be excluded. Typical investment for hydropower production can be the potential new hydropower plants Kilandsfoss and Glomsdam, or upgrade of the Bøylefoss, Flatenfoss and Haugsjå hydropower plants and dams. The share of investment in upgrades or new developments will depend on the development of future power prices and the attractiveness of the relevant investment.

b) Solar Energy

Financing of eligible renewable solar energy projects such as in NorSun. 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, NorSun is an established supplier to tier-one cell manufacturers.

c) Green Hydrogen or Ammonia

Financing of projects for production of green hydrogen or ammonia, such as in relation to our hydropower plant facilities. Geography for investments in Category 1: Norway.

Minimum 90%
of the proceeds from the Green Bonds shall invested in and allocated to this Category 1 type of investments.

Eco-efficient and/or circular economy adapted products, production technologies and processes (Category 2)

a) Investments in Beyonder

Established in 2016, Beyonder is a Norwegian company that has developed and produces the next step battery cells needed in battery technology for industry and commercial infrastructure. Beyonder has currently established a smaller production facility in Forus, Norway, but has ambitions to create a full scale battery factories in the future. Arendals Fossekompani has today a strategic ownership stake in Beyonder.

SDG 13
Climate action

SDG 12
Responsible consumption and production

SDG 7
Affordable and clean energy

b) Investments in Silicon Nanopowder-Production in Tekna

Tekna is a Canada based technology company, specializing in ICP plasma systems and advanced material powders, typically used within additive manufacturing. One of Tekna's business segments specializes in production of Silicon Nanopowder. Silicon Nanopowder has multiple applications within Li-Ion batteries and has the potential to increase the battery charge and cycles available, while also reducing weight. At this stage, Tekna has sent a selected number of test batches to various battery producers, who will be the future costumers for the Silicon Nanopowder production. Tekna will potentially need substantial investments for the development and industrialization of this battery technology. In the event proceeds from the Green Bond are allocated to Tekna, it shall only be allocated to the Silicon Nanopowder segment of Tekna.

c) Other Investments in Battery Technology or Green Storage Technology

The proceeds may also be used to invest in other projects or companies within the battery technology, or other green storage technologies or battery supplier industry with very similar characteristics as those described in a) and b) in Category 2 above. Geography for investments in Category 2: Canada and Europe.

A maximum of 10%
of the proceeds from the Green Bonds shall invested in and allocated to this Category 2 type of investments.

Independent Sustainability Auditor’s Limited Assurance Report

To the Board of Directors of Arendals Fossekompani ASA

Independent Practitioner’s Assurance Report on the Arendals Fossekompani ASA’s Green Bond Report 2025

We have undertaken a limited assurance engagement in respect of Arendals Fossekompani ASA’s Green Bond Report 2025 (the Subject Matter) as at 31 December 2025.

The identified Subject Matter Information is summarised below:

- The allocation of proceeds from the Green Bond to such investments, as described in the Green Bond Report 2025 section “Allocation of Proceeds and Green Savings” on page 2 for the bond issued 1 March 2021 (NOK 500M).

The applicable criteria against which the Subject Matter has been evaluated is described in Arendals Fossekompani ASA’s Green Bond Framework pr January 2021, section "Use of Proceeds", as included in the appendix to the Green Bond Report 2025 (the Criteria).

Our assurance does not extend to any other information in the Green Bond Report 2025 than the section “Allocation of Proceeds and Green Savings” on page 2. We have not reviewed and do not provide any assurance over any other information reported in the Green Bond Report 2025.

Management’s Responsibility

Management is responsible for the preparation of the Subject Matter Information in accordance with the applicable Criteria and for ensuring that the Company has implemented appropriate guidelines for green bond management and internal control.

Management is responsible for evaluating and selecting eligible green projects, for the use and management of bond proceeds, and for preparing a “Green Bond Allocation Report” that is free of material misstatements, whether due to fraud or error, in accordance with the Company’s “Green Bond Framework”.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to give a conclusion on the Subject Matter Information based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information», issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

PricewaterhouseCoopers AS, org.no.: 987 009 713 MVA, Statsautoriserte revisorer og medlemmer av Den norske Revisorforening
Advokatfirmaet PricewaterhouseCoopers AS, Org.no.: 988 371 084 MVA, Medlemmer av Advokatforeningen. advokatfirmaet@pwc.com
PwC Tax Services AS, Org.no.: 962 066 321 MVA, Autorisert regnskapsførerselskap, Medlem av Regnskap Norge

Gravane 26, Postboks 447, NO-4664 Kristiansand, T: 02316 (+47 952 60 000) www.pwc.no

A limited assurance engagement in accordance with ISAE 3000 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and, among others, included an assessment of whether the criteria used are appropriate. Our procedures also included making inquiries primarily of persons responsible for the management of bond proceeds and the process for selection of eligible green projects and meetings with representatives from the Company who are responsible for the allocation reporting; obtaining and reviewing relevant information that supports the preparation of the allocation reporting; assessment of completeness and accuracy of the allocation reporting; performing substantive testing on a selective basis through inspection of documents; and testing (or reviewing) various supporting documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information as at 31 December 2025 is not prepared, in all material respects, in accordance with the applicable Criteria.

Kristiansand, 12 May 2026
PricewaterhouseCoopers AS

Fredrik Botha
State Authorised Public Accountant
(This document has been signed electronically)

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Securely signed with Brevio

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Fredrik Botha
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VISITING ADDRESS
Langbryggen 9
4841 Arendal

POSTAL ADDRESS
Box 280
4803 Arendal

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