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Remuneration Report 2024

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Remuneration of Directors of Arendals Fossekompani ASA 2024

Approved by the Board of Directors on 10 April 2025.
Advisory vote by the General Meeting on 15 May 2025.

In accordance with the Norwegian Public Limited Liability Companies Act (the “Act”) section 6-16, the Board of Directors of Arendals Fossekompani ASA (“Arendals Fossekompani”) has prepared a report on the salary and other remuneration of the CEO, senior executives and the members of the Arendals Fossekompani Board of Directors awarded or due in 2024.

This report regards remuneration for 2024 of the following members of the Executive Management (hereinafter collectively referred to as the “Executive Management” or separately as each “executive”):

- **Chief Executive Officer (CEO)**
position currently held by Benjamin Golding
- **Chief Financial Officer (CFO)**
position currently held by Lars Peder Fensli
- **Executive Vice President (EVP)**
position currently held by Torkil Mogstad
- **Chief Sustainability Officer (CSO)**
position currently held by Ingunn Ettestøl
- **Executive Vice President (EVP)**
position currently held by Ann-Kari A. Heier
- **Executive Vice President (EVP)**
position currently held by Håkon Tanem

1. Introduction, scope, and purpose

This Remuneration Report 2024 provides an overview of remuneration of the Executive Management of Arendals Fossekompani in 2024 in relation to the Remuneration Policy adopted by the General Meeting on 15 May 2024. This report has been prepared in accordance with the Norwegian Public Limited Liability Companies Act section 6-16 and the draft Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 from the EU Commission of 1 March 2019 (the “EU Draft Guidelines”).

Arendals Fossekompani's Remuneration Policy is designed to align with our overall business strategy, long-term interests, and financial sustainability. The know-how, capital and engineering skills related to the production of hydropower have laid the foundation for Arendals Fossekompani to successfully own energy- and technology-related companies that help build a greener tomorrow.

In addition to producing clean energy, Arendals Fossekompani Group's companies help customers utilise their resources in a more sustainable way, and they provide technology, systems and solutions that make energy from renewable sources increasingly accessible and usable. By developing sustainable products and services, Arendals Fossekompani ensures long-term value creation for shareholders, employees and society.

Arendals Fossekompani offers remuneration that recognises the market value of an executive's role, skills, responsibilities, performance and experience in order to attract and keep excellent leaders. The remuneration scheme for Arendals Fossekompani's Executive Management shall be competitive and flexible, but neither appear complicated nor be wage leading.

The Remuneration Policy has been developed in order to create a performance-based system which is founded on Arendals Fossekompani's values. The remuneration components for the Executive Management are structured to provide strong alignment between the interests of executives and shareholders, including a focus on delivering Arendals Fossekompani's key strategic objectives, and to support the business strategy and long-term interests. The total remuneration of the Executive Management is therefore constructed as a combination of fixed salary and variable compensation. The fixed salary shall be competitive and provide predictability and ensure that Arendals Fossekompani can retain excellent leaders. The variable compensation shall be motivating for our leaders to aspire to achieve exceptional results.

Further information on remuneration can be found in the Annual Report 2024, available on Arendals Fossekompani's website, arendalsfossekompani.no/en. Information about the work of the Remuneration Committee can be found in the Corporate Governance Report for 2024. The remuneration of executives in 2024 was in accordance with Arendals Fossekompani's approved Remuneration Policy.

2. Overview of financial year 2024

Arendals Fossekompani is an industrial investment company holding seven core investments and a portfolio of financial investments. These operations employ approximately 2,500 people in 25 countries. Arendals Fossekompani has proud traditions in power production and owns and operates two hydropower plants. In addition, Arendals Fossekompani operates globally in many forward-thinking industries including 3D printing, algo trading, satellite services, software, digitalisation, and induction.

2.1 HIGHLIGHTS OF 2024

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

- In 2024, Arendals Fossekompani reported consolidated revenues of NOK 4,363 million (3,897 million) and operating profit of NOK 394 million (444 million). Profit after tax (continuing operations) amounted to NOK -42 million (61 million). Ordinary profit after tax (including discontinued operations) amounted to NOK 2,244 million (-30 million), of which the Arendals Fossekompani shareholders' share of the profit was NOK 2,238 million (33 million). Including currency differences, changes in the value of available-for-sale financial assets, minority interests, and other comprehensive income items, the Group's total comprehensive income was NOK 2,380 million (60 million).
- The AFK Parent Company's financial position was significantly strengthened in the last quarter of 2024 and remains solid. The company's cash position at 31 December amounted to NOK 914 million. In addition, the company has undrawn credit facilities of NOK 1,985 million, securing available liquidity of NOK 2.899 million as per the end of 2024. At 31 December, Net Interest Bearing Debt (NIBD), excluding shareholder loans was at NOK -45 million.
- Consolidated revenues in 2024 increased by 12% year-on-year. Note that revenue growth for the Group in 2024 was positively impacted by a weaker Norwegian Krone, compared to 2023. Operating profit was NOK 394 million (444 million).
- In October, Arendals Fossekompani, Advent International and Generation Management completed the acquisition and delisting of Volue. Arendals Fossekompani reduced its shareholding in Volue from 60% to 40%, realising net proceeds of NOK 1.0 billion. The joint strategic ownership is expected to significantly accelerate Volue's growth and value creation, thus benefiting Arendals Fossekompani's shareholders.
- Portfolio companies ENRX and NSSGlobal reported record high revenue and operating profit in 2024.
- Tekna delivered the most advanced PlasmaSonic Wind Tunnel ever built to a leading aerospace OEM in 2024. The MLCC business line received its first revenue-generating order from a leading producer of MLCC devices.
- Other structural changes to focus and de-risk the Arendals Fossekompani portfolio during 2024 included the sale of 100% of the shareholding in Vergia, and discontinuation of our engagement in Commeo.
- There have been no derogations from the

Remuneration Policy during 2024.

- Further information on financial results, key developments and investments can be found in the Annual Report 2024.

2.2 SUSTAINABILITY

Sustainability is an integral part of our investment strategy, and we work closely with our portfolio companies to enhance our collective performance on environmental, social and governance topics (ESG). We have four strategic sustainability focus areas: Climate change, Resource Use and Circular Economy, Own Workforce and Business Conduct. Every strategic focus area has specific targets to ensure that we maximise our positive impacts, reduce our negative impacts, harness the opportunities presented to us, and manage or mitigate the associated risks.

In line with Norway's Accounting Act, Arendals Fossekompani reports in accordance with the Corporate Sustainability Reporting Directive (CSRD, Directive 2022/2464/EU) and the associated European Sustainability Reporting Standards (ESRS), as well as the EU Taxonomy. We also report on our compliance with the Norwegian Code of Practice for Corporate Governance in our Corporate Governance Report, and with the Transparency Act (Åpenhetsloven) through our Transparency Act Report, which outlines our due diligence work in line with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Our ESG work is governed by our policies, including our Code of Conduct, Business Code of Conduct, Environmental Policy, Diversity & Inclusion Policy, and Whistleblowing Policy, which can be found on our website. Further information on our work on sustainability, and our reporting frameworks and standards, can be found in the Annual Report 2024.

3. Total remuneration in 2024

3.1 REMUNERATION AWARDED OR DUE IN 2024

The Remuneration Policy states that variable compensation such as bonus payments shall constitute approximately 15-40% of the total remuneration. However, the CEO has a maximum bonus frame of 12 months of the fixed salary. In 2024, the remuneration to executives consisted of an average of 81% fixed salary and 19% variable remuneration. This was in line with the guidelines set out in the Remuneration Policy. The bonus was mainly based on the financial results and non-financial targets linked to Arendals Fossekompani's strategy and goals.

3.2 FIXED REMUNERATION

The fixed base salaries are based on the following objective criteria: the business performance and current salary level relative to the market, whereas the exact amount is normally approved annually by the Board of Directors upon suggestion from the Remuneration Committee for the CEO. For the other members of the Executive Management, the exact amount is normally approved annually by the CEO upon advice from the Board of Directors or the Remuneration Committee. The fixed salary is determined during the first quarter of the new fiscal year and valid from 1 January the same year.

The fixed salary may be increased annually in line with the range of increases awarded to other employees in Arendals Fossekompani. Exceptions may apply in certain circumstances, such as:

- Where there is a significant change in an Executive's scope or role.
- Where it is considered necessary to reflect significant changes in market practice; or
- Where there is, in the Board's opinion, a need to retain an executive in relation to a competitive offer from another potential employer.

In such events, the increase cannot exceed 50% of the current fixed salary.

In 2024, the fixed salary has been increased by 5.5% compared to 2023 for Executives. There have been no changes to the composition of the Executive Management team during 2024.

3.3 VARIABLE REMUNERATION

The variable remuneration of the Executive Management is structured in the form of a bonus programme. The determination of the bonus is decided by an assessment of the achievement of pre-defined annual performance targets, financial as well as non-financial, qualitative, and quantitative. The performance-based variable compensation shall contribute to growth and value creation for the shareholders and/or Arendals Fossekompani's financial results over time which is further described for each element.

Bonus programme

The Board of Directors shall annually consider a bonus which is partly based on the Group's annual results, and partly on other criteria described below. The bonus is not included in the holiday pay basis or the basis for calculating entitlement to pension. The criteria for a bonus are:

- **Annual results:** The bonus will be calculated from the financial results - current year performance against budget.
- **Other objectives:** Objective established to support the business strategy.

The objective of the bonus programme is that a bonus calculated from the financial results and from non-financial achievements shall motivate to achieve better results for Arendals Fossekompani on the most essential areas of Arendals Fossekompani's activities. The non-financial targets are personal and individual, but examples of personal targets for the Executive Management are linked to Arendals Fossekompani's strategy and goals, growth in net asset value, specific ESG targets and successful accomplishment of plans for portfolio companies.

TABLE 1 – REMUNERATION AWARDED OR DUE IN 2024

	Fixed remuneration			Variable remuneration						
	Base salary	Fees ³	Fringe benefits ⁴	Previous years bonus paid out this year	Multi-year variable ⁵					
Benjamin Golding, CEO										
2024	4,106,605	-	24,298	1,986,667	n/a		128,628	6,117,570	68/32	
2023	2,435,932	-	14,255	-	n/a	0	78,000	2,450,187	100/0	
Lars Peder Fensli, CFO										
2024	2,912,455	-	37,606	771,750	n/a	0	136,992	3,721,811	79/21	
2023	3,048,881	-	34,279	839,147	n/a	0	124,000	3,922,307	79/21	
Torkil Mogstad, EVP										
2024	2,261,620	-	37,749	425,674	n/a	0	88,656	2,725,043	84/16	
2023	2,125,941	-	32,038	423,240	n/a	0	93,000	2,581,219	84/16	
Ingunn Ettestøl, CSO										
2024	1,895,735	-	26,155	505,006	n/a	0	160,260	2,426,896	79/21	
2023	1,797,781	-	23,501	326,306	n/a	0	144,000	2,147,588	85/15	
Håkon Tanem, EVP										
2024	2,574,934	-	53,386	-	n/a	0	135,024	2,628,320	100/0	
2023	577,652	-	13,362	-	n/a	2,000,000 ⁵	30,000	2,591,014	100/0	
Ann-Kari A. Heier, EVP										
2024	1,791,746	-	37,764	-	n/a	200,000 ⁶	164,322	2,029,510	100/0	
2023	251,894	-	4,343	-	n/a	0	19,000	256,237	100/0	

Table 1 BIS: Not relevant in Arendals Fossekompani as all remuneration from other undertakings belonging to the same group is awarded to the employer company and not to the individual executive.

3.4 SHARE BASED REMUNERATION

The objective of the share remuneration programme is to create strong interest alignment between Executive Management and the shareholders of Arendals Fossekompani, and incentivise long-term shareholder value creation.

Long-term incentive plan

The Executive Management have a right to purchase shares with 20% discount from market value. The shares have a three-year lock-up period. The shares may be

funded by a loan from Arendals Fossekompani limited to up to 2/3 of the share purchase. The CEO may take up loans up to 3 MNOK each year annually for 3 years to fund the share purchase. Other persons in the Executive Management (including the CFO, CSO and EVPs) may take up loans up to 1.5 MNOK each year annually for 3 years to fund the share purchase (for more information see the Remuneration Policy).

2. No fees are paid or due to the executives for their participation in the administrative, management or supervisory bodies of the company for FY2024
3. The benefits awarded or due to the executives consisted of benefits such as: paid phone, newspapers and journals, etc
4. The time span of the relevant performance criteria does not exceed one year
5. Sign-on bonus without binding period
6. Compensation bonus according to working agreement (addendum)

TABLE 2 – SHARE OPTIONS AWARDED OR DUE TO THE DIRECTORS FOR 2024

Not applicable

TABLE 3 – SHARES AWARDED OR DUE TO THE DIRECTORS FOR 2024

Information regarding 2024							
	Own holdings	Opening balance	Shares purchased	Date	Market value	Closing balance	Shares subject to a holding period
Benjamin Golding, CEO		16,750	34,249	12.07.24	164.24	50,999	50,999
Lars Peder Fensli, CFO	325 ⁷	15,344	17,125	12.07.24	164.24	32,469	32,144
Torkil Mogstad, EVP		15,019			164.24	15,019	15,019
Ingunn Ettestøl, CSO		14,412	5,000	12.07.24	164.24	9,412	19,412
Ann-Kari A. Heier, EVP		14,698	2,280	12.07.24	164.24	16,978	16,978
Håkon Tanem, EVP	17,000 ⁸	30,047	17,125	12.07.24	164.24	56,172	39,172

3.5 USE OF THE RIGHT TO RECLAIM REMUNERATION

No remuneration has been reclaimed in 2024.

3.6 APPLICATION OF PERFORMANCE CRITERIA

The determination of the bonus is decided by an assessment of the achievement of pre-defined annual performance targets, financial as well as non-financial, both qualitative and quantitative. The Board of Directors shall annually consider a bonus which is partly based on the group's annual results, and partly on individual criteria.

The criteria for a bonus are (weighted 50/50):

- **Annual results:** The bonus will be calculated from current year performance against budget.
- **Non-financial achievements:** Targets with objective to support business strategy.

The objective of the bonus programme is that a bonus calculated from the financial results and from non-financial achievements shall motivate to achieve better results for Arendals Fossekompani on the most essential areas of Arendals Fossekompani's activities. The non-financial targets are personal, but are linked to Arendals Fossekompani's strategy and goals, growth in net asset value, specific ESG targets and successful accomplishment of plans for portfolio companies. The bonus will normally constitute 15-40% of the total remuneration. The bonus for 2024 (paid out in 2025) constitutes 44% of total remuneration for the CEO and an average of 26% of total remuneration for other executives.

7. Shares bought privately to market value
8. Shares bought privately to market value

TABLE 4 – PERFORMANCE OF EXECUTIVE MANAGEMENT 2024

	1. Description of the performance criteria and type of applicable remuneration	2. Relative weighting of the performance criteria	3. Information on performance targets		4. a) measured performance b) actual award outcome ¹⁰
			Minimum target/ threshold performance	Maximum/ target performance	
Benjamin Golding, CEO	Financial results – current year performance against budget	50%	Achieved EBIT interval: 75–125% ⁹		a) 100% b) NOK 2,110,000
	Non-financial achievements – personal targets with objective to support business strategy	50%	Individual targets linked to strategy and goals, growth in net asset value, and successful accomplishment of plans for portfolio companies.		a) 53% b) NOK 1,107,750
Lars Peder Fensli, CFO	Financial results – current year performance against budget	50%	Achieved EBIT interval: 75–125% ⁹		a) 100% b) NOK 712,125
	Non-financial achievements – personal targets with objective to support business strategy	50%	Individual targets linked to strategy and goals, growth in net asset value, and successful accomplishment of plans for portfolio companies.		a) 50% b) NOK 356,063
Ann-Kari A. Heier, EVP	Financial results – current year performance against budget	50%	Achieved EBIT interval: 75–125% ⁹		a) 100% b) NOK 501,125
	Non-financial achievements – personal targets with objective to support business strategy	50%	Individual targets linked to strategy and goals, growth in net asset value, and successful accomplishment of plans for portfolio companies.		a) 50% b) NOK 249,310
Torkil Mogstad, EVP	Financial results – current year performance against budget	50%	Achieved EBIT interval: 75–125% ⁹		a) 100% b) NOK 558,136
	Non-financial achievements – personal targets with objective to support business strategy	50%	Individual targets linked to strategy and goals, growth in net asset value, and successful accomplishment of plans for portfolio companies.		a) 22% b) NOK 119,999
Ingunn Ettestøl, CSO	Financial results – current year performance against budget	50%	Achieved EBIT interval: 75–125% ⁹		a) 100% b) NOK 470,794
	Non-financial achievements – personal targets with objective to support business strategy	50%	Individual targets linked to strategy and goals, growth in net asset value, specific ESG targets (governance structures, rating of the annual report and EU Taxonomy reporting) and successful accomplishment of plans for portfolio companies.		a) 48% b) NOK 223,627

Håkon Tanem, EVP	Financial results – current year performance against budget	50%	Achieved EBIT interval: 75–125% ⁹	a) 100% b) NOK 659,375
	Non-financial achievements – personal targets with objective to support business strategy	50%	Individual targets linked to strategy and goals, growth in net asset value, and successful accomplishment of plans for portfolio companies.	a) 33% b) NOK 214,297

TABLE 5 – BONUS AWARDED FOR 2024 (PAID OUT IN 2025)

	Fixed remuneration 2024 (NOK)	Bonus 2024 (NOK)	Variable compensation of fixed remuneration
Benjamin Golding, CEO	4,130,903	3,217,750	78%
Lars Peder Fensli, CFO	2,950,061	1,068,188	36%
Torkil Mogstad, EVP	2,299,369	678,136	29%
Ingunn Ettestøl, CSO	1,921,890	694,421	36%
Håkon Tanem, EVP	2,628,320	873,672	33%
Ann-Kari A. Heier, EVP	1,829,510	750,435	41%

4. Information about any derogations and deviations from the Remuneration Policy and procedure for implementation

The remuneration of executives in 2024 was in accordance with the main principles of Arendals Fossekompagni's approved Remuneration Policy.

9. EBIT measurement excludes hydropower and is adjusted for structural changes during the year
10. Bonus 2024 (paid out in 2025)

5. Comparative information on the change of remuneration and company performance

TABLE 6 – COMPARATIVE TABLE OVER THE REMUNERATION AND COMPANY PERFORMANCE OVER THE LAST FIVE REPORTED FINANCIAL YEARS

	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	Notes
Benjamin Golding, CEO	-	-	-	2,450,187/0	6,117,570/2,450,187	From 01.05.23
Lars Peder Fensli, CFO	3,387,000/2,538,000	3,000,000/3,387,000	2,791,461/3,000,000	3,922,307/2,791,461	3,721,811/3,922,307	
Torkil Mogstad, EVP	2,248,000/2,144,000	2,737,000/2,248,000	2,572,567/2,737,000	2,581,219/2,572,567	2,725,043/2,581,219	
Ingunn Ettestøl, CSO	2,032,000/0	2,083,000/2,032,000	2,106,054/2,083,000	2,147,588/2,106,054	2,426,896/2,147,588	CSO from 01.09.20
Ann-Kari A. Heier, EVP	-	-	-	256,237/0	2,029,510 ¹¹ /256,237	From 14.11.23
Håkon Tanem, EVP	-	-	-	2,591,014 ¹¹ /0	2,628,320/2,591,014	From 09.10.23
Ørjan Svanevik, CEO	10,060,000/1,584,000	9,145,000/10,060,000	7,665,484/9,145,000	0/7,665,484	-	01.09.19-31.12.22
Jarle Roth, Former CEO	0/4,323,000	-	-	-	-	01.08.16-01.08.19
Morten Henriksen, Former EVP	3,744,000/2,601,000	5,276,000/3,744,000	3,509,721/5,276,000	1,581,727/3,509,721	0/1,581,727	Until 31.03.23
	2020	2021	2022	2023	2024	
EBIT (MNOK)	161	450	429	444	394	
EBITDA (MNOK) ¹²	401	686	726	611	607	
Non-financial metric C	Personal targets	Personal targets	Personal targets	Personal targets	Personal targets	
	2020	2021	2022	2023	2024	
Average remuneration of employees of the parent company ^{13,14}	716,322	803,013	987,797	946,642	1,029,678	
Average remuneration of employees of the Group ^{13,15}	-	-	-	-	699,785	
Average remuneration of employees of the Group (in Norway) ^{13, 15, 16}	-	899,911	892,346	1,070,306	-	
Average remuneration of employees of the Group (outside Norway) ^{13, 15, 16}	-	615,229	583,296	726,235	-	

11. Including sign-on bonus
12. EBITDA 2017-2019: numbers are not adjusted after sale of company in 2021
13. Employees other than C-suite positions
14. Parent company includes AFK Vannkraft.
15. Remuneration for 2024 report data for the Group collectively.
Previous years' data separate remuneration for employees in Norway from employees outside Norway
16. The information for years before 2021 for the companies in the Group is not available

6. Remuneration for members of the Board of Directors and subcommittees

The mandate of the Nomination Committee in Arendals Fossekompani includes proposing remuneration for members of the Board of Directors, its committees,

and the Nomination Committee to the General meeting. In preparing the proposals for remuneration, the committee has based its work on the principle that the fees should be competitive but not leading compared to peers. The determination of remuneration for the Board of Directors and subcommittees was approved during the General Meeting on May 15, 2024.

TABLE 7 – REMUNERATION OF BOARD OF DIRECTORS 2023/2024 ^{NOK 1,000}

Board members	Annual fee 2023	Annual fee 2024	Number of Board meetings (i)	
			2023	2024
Trond Westlie, Chair (iii) (v)	1,220	1,119	10	17
Morten Bergesen, Deputy Chair (ii) (iv)	458	483	10	17
Didrik Vignsnæs, Board Member (iii)	386	423	10	17
Christian Must, Board Member (iii)	373	156	10	5
Stine Rolstad Brenna, Board Member (ii)	443	477	10	17
Lise Lindback, Board Member (iii)	376	398	10	17
Anne Grethe Dalane, Board Member (ii)	397	453	10	17
Arild Nysæther, Board Member from 15.05.24 (iii)	-	225	0	12

(i) 10 Board meetings were held in 2023 and 17 in 2024
(ii) Member of Audit Committee
(iii) Member of Remuneration Committee
(iv) Member of Nomination Committee
(v) In 2023, the Chair also received a fee of tNOK 500 for consultancy services provided by his company Shama AS. (See Note 4 and 24 in the Annual Report 2023)

7. Advisory vote on the last General Meeting

Advisory vote on the last General Meeting unanimously adopted.

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