

To the shareholders of Arendals Fossekompani ASA

NOTICE OF ANNUAL GENERAL MEETING

6 May 2021

The Annual General Meeting will be held on

Thursday 6 May 2021 at 17:00

Due to the corona pandemic, the General Meeting will not be held as a physical meeting. The General Meeting will be held as a conference call and will be as short and as concise as possible. Shareholders are therefore encouraged to vote in advance by granting a proxy to the Chair of the Board. Shareholders who wish to attend by telephone must contact the Company to receive the conference call details.

Shareholders who wish to attend the General Meeting, by telephone or by voting in advance per proxy, must notify the Company no later than 4 May 2021 at 17:00 by sending an e-mail to: firmapost@arendalsfoss.no

THE FOLLOWING SHALL BE CONSIDERED BY THE GENERAL MEETING:

1. The General Meeting is opened according to the Articles of Association by the Chair of the Board, Jon Hindar, who will chair the meeting until a chair of the meeting has been elected, including compiling a list of attending shareholders.
2. Election of a person to chair the meeting and appointment of two persons to co-sign the minutes.
3. Approval of the notice and the agenda.
4. Adoption of the parent company and the consolidated annual accounts and annual report 2020, as well as consideration of the Board of Directors' review of the document Corporate Governance in AFK.
5. Authorisation to the Board of Directors to decide the distribution of dividends

The Board of Directors adopted a new dividend policy in 2020, defined in the document Corporate Governance in AFK, which includes a goal of quarterly distributions of dividends. To facilitate a practical and efficient implementation of such a scheme, the 2020 General Meeting authorised the Board of Directors to decide the distribution of dividends in the Company on the basis of the annual accounts 2019. It is proposed that a corresponding authorisation be granted on the basis of the annual accounts 2020.

Based on the above, the Board of Directors proposes that the General Meeting adopt the following resolution:

- (i) According to the Public Limited Liability Companies Act section 8-2 (2), the Board of Directors is granted authorisation to decide the distribution of dividends on the basis of the Company's annual accounts 2020.
 - (ii) The authorisation is valid until the company's Annual General Meeting in 2022, but no longer than until 30 June 2022.
6. Proposal for extraordinary dividends

Due to several recent successful transactions, the Company is in a very strong financial position. The Board of Directors therefore proposes that, in addition to the ordinary dividends for the first quarter according to the current dividend policy, extraordinary dividends of NOK 29.20 per share be distributed.

Based on the above, the Board of Directors proposes that the General Meeting adopt the following resolution:

- (i) Extraordinary dividends of NOK 29.20 per share will be distributed.

If the dividends are adopted, the Company's shares traded up to and including 6 May 2021 will include the right to dividends. As of 7 May 2021, the shares will be traded exclusive of the right to dividends. Payment will take place on 18 May 2021.

7. The Board of Directors' guidelines relating to the determination of salaries and other remuneration to the management.
8. Determination of the auditor's fee.
9. Determination of remuneration to the members of the Board of Directors valid as of 6 May 2021.

The Nomination Committee proposes to increase the remuneration to the Chair of the Board from NOK 510,000 to NOK 561,000. And that the remuneration to the other members of the Board of Directors be increased from NOK 300,000 to NOK 321,000.

10. Determination of remuneration to the members of the Board of Directors' subcommittees valid as of 6 May 2021

The Nomination Committee proposes to increase the remuneration to the head of the Audit Committee from NOK 75,000 to NOK 82,500 and that the remuneration to the other members be increased from NOK 55,000 to NOK 60,500.

The Nomination Committee proposes to increase the remuneration to the head of the Remuneration Committee from NOK 50,000 to NOK 55,000 and that the remuneration to the other members be increased from NOK 25,000 to NOK 30,000.

11. Determination of remuneration to the members of the Nomination Committee.

The Nomination Committee proposes to increase the remuneration to the head of the Nomination Committee from NOK 20,000 to NOK 30,000 and that the remuneration to the members be increased from NOK 10,000 to NOK 15,000.

12. Authorisation to acquire own shares

The Board of Directors proposes that the Board of Directors be granted authorisation to acquire up to 7.93% of the Company's own shares with a total nominal value of NOK 17,769,000. The reason for the authorisation is to give the Board of Directors flexibility to utilise the mechanisms the Public Limited Liability Companies Act allows for in situations where the acquisition of shares is considered beneficial to the Company and the Company's shareholders, including for use in share purchase programmes for Company board members and employees.

Based on the above, the Board of Directors proposes that the General Meeting adopt the following resolution:

- (i) According to the Public Limited Liability Act sections 9-4 and 9-5, the Board of Directors is authorised to acquire own shares with a total nominal value of NOK 17,769,000, which corresponds to approx. 7.93% of the Company's current share capital. The authorisation includes the acquisition of own shares both for ownership and as collateral.
- (ii) The minimum and maximum amounts that may be paid per share shall be NOK 10 and NOK 2,000, respectively.
- (iii) Acquisition and disposal of own shares may take place as deemed appropriate by the Board of Directors within the framework of this authorisation.
- (iv) The authorisation shall be valid until the next Annual General Meeting of the Company, but no longer than until 30 June 2022. The authorisation replaces the previous authorisation to acquire own shares adopted by the Company's Annual General Meeting in 2020.

13. Election of members to the Board of Directors.

The Nomination Committee proposes the following composition of the Board of Directors to the General Meeting:

Heidi Petersen, Jon Hindar and Morten Bergesen are up for election as board members and will be proposed re-elected for another 2 years.
Christian Must is proposed as a new board member after Arild Nysæther.

14. Election of members to the Nomination Committee.

Simen Flaaten and Christian Must are up for election as members of the Nomination Committee. It is proposed to re-elect Simen Flaaten for another two years. Trine Must is proposed as a new member after Christian Must.

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The Public Limited Liability Companies Act and the Company's Articles of Association provide that documents which are to be considered at the General Meeting, including documents which by law must be attached to the notice of the General Meeting, may be made available on the Company's website instead of being sent out together with the notice. The Board of Directors has decided to implement this. The object is to achieve environmental and cost gains. The individual shareholder is nevertheless entitled to have the documents sent to him free of charge by contacting the Company.

The notice and the annual report with notes, the auditor's report, as well as other documents concerning the General Meeting, are available at arendalsfossekompani.no under the menu option: **Investorinformasjon/Generalforsamling/**

Shareholders who wish to attend the General Meeting, by telephone or by proxy, are requested to notify the Company by submitting a registration form or a proxy form no later than 4 May 2021 at 17:00.

A shareholder is entitled to have matters considered by the General Meeting. The question must be notified in writing to the Board of Directors within seven days before the deadline for the notice of the General Meeting, together with a proposal for a resolution or a justification for why the matter is added to the agenda.

The Company has issued 55,995,250 shares, of which the Company itself owns 1,111,200. At the General Meeting, each share has one vote. A shareholder is entitled to meet by proxy, who shall present a written and dated proxy form. No shareholder may personally or by proxy vote for more than a quarter of the total number of shares.

Froland, 14 April 2021
Jon Hindar
Chair of the Board

General Meeting 6 May 2021

NOTICE OF ATTENDANCE

The undersigned will attend the General Meeting of Arendals Fossekompani ASA by telephone

☐ I / we own _____ shares

☐ and will in addition vote on behalf of _____ shares according to the attached power(s) of attorney

Date

Signature

Shareholders who wish to attend by telephone must contact the Company and request the required conference call details

PROXY FORM

As the owner of _____ shares in Arendals Fossekompani ASA I/we hereby grant

☐ the Chair of the Board

☐ _____ (enter name)

the authority to represent and vote on behalf of my/our shares at the Annual General Meeting of Arendals Fossekompani ASA on 6 May 2021.

If none of the above options have been ticked off, the authority shall be deemed to have been granted to the Chair of the Board. If the authority has been granted to the Chair of the Board, he is entitled to grant another board member or the management the right to represent, and vote on behalf of, the shares covered by the above proxy form.

If the shareholder so wishes and the Chair of the Board is appointed proxy, the voting instructions below may be completed and submitted to the Company. Votes will then be cast on behalf of the shares according to the instructions.

Voting instructions:

Resolution	Vote for	Vote against	Abstain from voting
Election of a person to chair the meeting and appointment of two persons to co-sign the minutes.			
Approval of the notice and the agenda.			
Adoption of the parent company and the consolidated annual accounts and the annual report 2020.			
The allocation of the annual result according to the balance sheet 2020.			
Authorisation to the Board of Directors to decide the distribution of dividends.			
Proposal for extraordinary dividends			
The Board of Directors' guidelines relating to the determination of salaries and other remuneration to the management.			
Determination of the auditor's fee.			
Determination of remuneration to the board members valid as of 6 May 2021.			
Determination of remuneration to the Board or Directors' subcommittees valid as of 6 May 2021.			
Determination of remuneration to members of the Nomination Committee.			
Authorisation to acquire own shares.			
Election of board members:			
Heidi Petersen			
Jon Hindar			
Morten Bergesen			
Christian Must			
Election of members of the Nomination Committee:			
Simen Flaaten			
Trine Must			

If voting instructions have been given, the following applies:

- If "Vote for" is ticked off, it means an instruction to the proxy to vote for the proposal in the notice, including any changes the Board of Directors, the Chair of the Board or the chair of the meeting may propose. In the event of any changes to the proposals set out in the notice, the proxy may, at his own discretion, abstain from voting on behalf of the shares.
- If "Vote against" is ticked off, this means an instruction to the proxy to vote against the proposal in the notice, including any changes the Board of Directors, the Chair of the Board or the chair of the meeting may propose. In the event of any changes to the proposals set out in the notice, the proxy may, at his own discretion, abstain from voting on behalf of the shares.
- If "Abstain from voting" is ticked off, this means an instruction to the proxy not to vote on behalf of the shares.
- If no option has been ticked off, it means that the proxy is free to decide how to vote on behalf of the shares.

- In the case of an election, the instructions are limited to voting for the candidates specified in the proxy form.
- In the event of votes on matters that are not mentioned in the notice, but which are lawfully raised for resolution at the General Meeting, the proxy is free to decide how to vote on behalf of the shares. The same applies to voting on formal matters, e.g. the election of the chair of the meeting, voting order or form of voting.
- If the shareholder has appointed a proxy other than the Chair of the Board, and wishes to give the person in question instructions on voting, this is a matter between the shareholder and the proxy which does not involve the Company. In such an event, the Company does not assume responsibility for checking whether the proxy votes according to the instructions.

Signature: _____ *

Name: _____ (capital letters)

Place/date: _____

The proxy form should be sent to: **firmapost@arendalsfoss.no**

*If the proxy form is granted on behalf of a company or another legal entity, a certificate of registration and/or power of attorney must be attached which shows that the person who has signed is authorised to issue the proxy form. If satisfactory documentation is not received, the proxy may use or reject the proxy form at his own discretion.