

## PROSPECTUS



### BORGESTAD ASA

(A public limited liability company incorporated under the laws of Norway)

**Listing of 100,364,326 new shares in connection with private placements carried out in March 2022**  
**Subsequent offering of up to 50,000,000 new shares at a subscription price of NOK 2.00 per share, with subscription rights for eligible shareholders, and listing of such shares**

Subscription period for the subsequent offering: From 09:00 hours (CET) on 25 March 2022 to 16:30 hours (CEST) on 8 April 2022

This prospectus (the "**Prospectus**") has been prepared in connection with (i) the listing by Borgestad ASA (the "**Company**" or "**Borgestad**"), a public limited liability company incorporated under the laws of Norway, (together with its consolidated subsidiaries, the "**Group**") on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Stock Exchange**") of 75,000,000 new shares in the Company, each with a par value of NOK 1.00, (the "**Private Placement Shares**") resolved issued on 23 March 2022 at a subscription price of NOK 2.00 per Private Placement Share in connection with a private placement of new shares in the Company (the "**Private Placement**"), (ii) the listing by the Company on the Oslo Stock Exchange of 25,364,326 new shares in the Company, each with a par value of NOK 1.00, (the "**Conversion Shares**") resolved issued on 23 March 2022 at a subscription price of NOK 1.9231 per Conversion Share in connection with a redemption offer to the bondholders of the Company's bond loan with ticker code "BOR04" (the "**Bond Conversion**") and (iii) the subsequent offering (the "**Subsequent Offering**") and listing on the Oslo Stock Exchange of up to 50,000,000 new shares in the Company, each with a par value of NOK 1.00 (the "**Offer Shares**" and, together with the Private Placement Shares and the Conversion Shares, the "**New Shares**"), to be issued at a subscription price of NOK 2.00 per Offer Share (the "**Subscription Price**").

The shareholders of the Company as of 1 March 2022 (being registered as such in Euronext Securities Oslo, the Norwegian Central Securities Depository (the "**VPS**") on 3 March 2022 pursuant to the VPS' standard two days' settlement procedure (the "**Record Date**")), except for shareholders who (i) were allocated Private Placement Shares in the Private Placement or (ii) are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action (such eligible shareholders jointly the "**Eligible Shareholders**"), will be granted non-transferable subscription rights (the "**Subscription Rights**") that, subject to applicable law, give a preferential right to subscribe for and be allocated Offer Shares at the Subscription Price. The Subscription Rights will be registered on each Eligible Shareholder's VPS account.

Each Eligible Shareholder will be granted 8.72804 Subscription Rights for each existing share registered as held by such Eligible Shareholder as of the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable law, give the right to subscribe for, and be allocated, one Offer Share in the Subsequent Offering. Over-subscription will be permitted, but subscription without Subscription Rights will not be permitted.

The subscription period in the Subsequent Offering will commence on 09:00 hours Central European Time ("**CET**") on 25 March 2022 and expire at 16:30 hours Central European Summer Time ("**CEST**") on 8 April 2022 (the "**Subscription Period**").

**Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.**

The Company's existing Shares are, and the New Shares will be, listed on the Oslo Stock Exchange under the ticker code "BOR". Except where the context otherwise requires, references in this Prospectus to "**Shares**" will be deemed to include the existing Shares and the New Shares. All of the existing Shares are, and the New Shares will be, registered in the VPS in book-entry form. All of the issued Shares rank pari passu with one another and each carry one vote.

**Investing in the Shares, including the New Shares, involves a high degree of risk. Prospective investors should read the entire document and, in particular, consider Section 2 "Risk factors" beginning on page 10 when considering an investment in the Company.**

**The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares and the Subscription Rights may lawfully be made and, for jurisdictions other than Norway, would not require any filing, registration or similar action.**

**The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the U.S. Securities Act ("Rule 144A") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S under the U.S. Securities Act ("Regulation S"). The distribution of this Prospectus and the offer of the Subscription Rights and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law.**

The due date for the payment of the Offer Shares is expected to be on or about 13 April 2022. Delivery of the Offer Shares is expected to take place on or about 22 April 2022 through the facilities of the VPS. Trading in the Private Placement Shares and the Conversion Shares on the Oslo Stock Exchange is expected to commence on or about 25 March 2022 and 28 March 2022, respectively, while trading in the Offer Shares on the Oslo Stock Exchange is expected to commence on or about 21 April 2022.

**Manager**

Arctic Securities AS

**The date of this Prospectus is 24 March 2022**

## IMPORTANT INFORMATION

This Prospectus has been prepared in connection with the (i) Subsequent Offering and (ii) the listing of the New Shares on the Oslo Stock Exchange, based on the simplified disclosure regime for secondary issuances, cf. Article 14 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC<sup>1</sup>, as amended, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**").

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the EU Prospectus Regulation. This Prospectus has been prepared solely in the English language. This Prospectus has been approved by the Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the "**Norwegian FSA**"), as the competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

For definitions of certain other terms used throughout this Prospectus, see Section 15 "Definitions and glossary".

The Company has engaged Arctic Securities AS ("**Arctic**") as manager for the Private Placement and the Subsequent Offering (the "**Manager**").

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Offer Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, nor the granting of any Subscription Rights nor the sale of any Offer Share, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Subsequent Offering or the sale of the Offer Shares or the Subscription Rights other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Manager or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

**The distribution of this Prospectus and the offer and sale of the Offer Shares and the granting or use of the Subscription Rights in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares or to use the Subscription Rights to subscribe for Offer Shares in any jurisdiction in which such offer, sale or subscription would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that is in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Shares and the Subscription Rights are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 13 "Selling and transfer restrictions".**

This Prospectus and the terms and conditions of the Subsequent Offering as set out herein, and any sale and purchase of Offer Shares and the granting and use of the Subscription Rights hereunder, shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Private Placement, the Subsequent Offering or this Prospectus.

**In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group and the terms of the Subsequent Offering, including the merits and risks involved.** None of the Company or the Manager, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Offer Shares or holder of Subscription Rights regarding the legality of an investment in the Offer Shares or the use of the Subscription Rights to subscribe for Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. An investment in the Offer Shares or use of the Subscription Rights is subject to prevailing tax laws and regulations, which differ between investors and jurisdictions. The Prospectus does not provide a complete overview of applicable tax laws and regulations, nor potential tax implications of an investment in the Offer Shares or the use of Subscription Rights. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares or the use of the Subscription Rights to subscribe for Offer Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General information".

### NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

### NOTICE TO INVESTORS IN THE UNITED STATES

**Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares or the Subscription Rights. The Offer Shares and the Subscription Rights have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States**

<sup>1</sup> Means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

**and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in "offshore transactions" as defined in, and in reliance on, Regulation S. Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See Section 13.2 "United States".**

Any Offer Shares offered or sold or Subscription Rights offered in the United States will be subject to certain transfer restrictions and each purchaser will be deemed to have made acknowledgements, representations and agreements, as set forth under Section 13.2 "United States".

Neither the Offer Shares nor the Subscription Rights have been recommended by any United States federal or state securities commission or regulatory authority. Further, the foregoing authorities have not passed upon the merits of the Subsequent Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the Offer Shares. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Manager or its representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire the Offer Shares.

#### **NOTICE TO INVESTORS IN THE UNITED KINGDOM**

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "UK") or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Subscription Rights and the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

The Manager has represented, warranted and agreed (i) that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Offer Shares and Subscription Rights in circumstances in which section 21(1) of the FSMA does not apply to the Company and (ii) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares and the Subscription Rights in, from or otherwise involving the UK.

#### **NOTICE TO INVESTORS IN THE EEA**

In any member state of the European Economic Area (the "EEA"), other than Norway (each, a "**Relevant Member State**"), this communication is only addressed to and is only directed at persons who are "qualified investors" within the meaning of Article 2(e) of the EU Prospectus Regulation. The Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus for offer of securities. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the Subsequent Offering contemplated in this Prospectus within any Relevant Member should only do so in circumstances in which no obligation arises for the Company or the Manager to publish a prospectus pursuant to Article 1 of the EU Prospectus Regulation, or to supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation, in each case, in relation to such offer. Neither the Company nor the Manager have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by the Manager which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Manager and the Company that:

- a. it is a "qualified investor" within the meaning of Article 2(e) of the EU Prospectus Regulation; and
- b. in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) such Offer Shares acquired by it in the Subsequent Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation; or in circumstances in which the prior consent of the Manager has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and any securities to be offered, so as to enable an investor to decide to acquire any of the Offer Shares.

See Section 13 "Selling and transfer restrictions" for certain other notices to investors.

#### **INFORMATION TO DISTRIBUTORS**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment

in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Subsequent Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

#### **ENFORCEMENT OF CIVIL LIABILITIES**

The Company is a public limited company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Group's senior management (the "**Management**") are not residents of the United States. Virtually all of the Company's assets are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway.

Similar restrictions may apply in other jurisdictions.

#### **AVAILABLE INFORMATION**

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will, during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act. The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

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**1 SUMMARY**

<i>Warning .....</i>	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Company's Shares involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
<i>Securities .....</i>	The Company has one class of shares in issue. The existing Shares are, and the New Shares will be, registered in book-entry form with the VPS and have ISIN NO 0003111700.
<i>Issuer .....</i>	Borgestad ASA's registration number in the Norwegian Register of Business Enterprises ( <i>Nw.: Foretaksregisteret</i> ) (the " <b>NRBE</b> ") is 920 639 674 and its LEI is 5967007LIEEXZXG3AG53. The Company's registered office is located at Gunnar Knudsens veg 144, 3712 Skien, Norway, and the Company's main telephone number at that address is +47 35 54 24 00. The Group's website can be found at <a href="http://www.borgestad.no">www.borgestad.no</a> .
<i>Offeror .....</i>	Not applicable. The Company is offering the New Shares.
<i>Competent authority .....</i>	The Financial Supervisory Authority of Norway ( <i>Nw.: Finanstilsynet</i> ), with registration number 840 747 972 and registered address at Revierstredet 3, N-0151 Oslo, Norway, and with telephone number +47 22 93 98 00 has reviewed and, on 24 March 2022, approved this Prospectus.

**Key information on the issuer****Who is the issuer?**

<i>Corporate information .....</i>	Borgestad ASA is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act (the " <b>Norwegian Public Limited Companies Act</b> "). The Company was incorporated in Norway on 11 July 1904, and the Company's registration number with the NRBE is 920 639 674 and its LEI is 5967007LIEEXZXG3AG53.
<i>Principal activities .....</i>	Borgestad ASA is a holding company with subsidiaries engaged in the following three main segments: (i) commercial real property business; (ii) resale, production and distribution of refractory products; and (iii) other activities. Borgestad was incorporated on 11 July 1904, is headquartered in Skien, Norway, and the Group employed 246 full time employees as at 31 December 2021. The majority of the Group's property investments are in Poland and Norway, of which the most significant is the shopping centre Agora in Bytom (Poland). The Group also owns its headquarter office building in Norway. The Group's refractory business is a supplier operating in the Nordic refractory market and has global presence in a number of selected application areas, delivering refractory products, installations and turnkey solutions that enhance the productivity and competitiveness of its industrial customers.
<i>Major Shareholders .....</i>	Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. Pursuant to the Company's shareholders list as registered in the VPS as of 15 March 2022 (and prior to the issue of the Private Placement Shares and the Conversion Shares), no shareholders other than Mentone AS (2,302,283 Shares, approx. 18.09%), Gudmund Bratrud (2,153,850 Shares, approx. 16.93%) directly (270,183 Shares) and indirectly through Regent AS (666,170 Shares), Suveren AS (481,794 Shares), Analyseinvest AS (262,000 Shares), Myra Matsenter AS (258,000 Shares) and Substantia AS (215,703 Shares), Skåla Bær AS (1,020,000 Shares, approx. 8.06%), Bertel O. Steen (933,761 Shares, approx. 7.34%) (directly (3,133 Shares)

	and indirectly through Ses AS (453,849 Shares) and Bemacs AS (476,779 Shares)), Intertrade Shipping AS (800,000 Shares, approx. 6.29%) and Jacob Møller (734,967 Shares, approx. 5.7%), indirectly through Dione AS (684,128 Shares, and Ploot Invest AS (50,839 Shares) held more than 5% of the Shares to the Company's knowledge.
<i>Key managing directors</i> .....	The Group's Management consists of Pål Feen Larsen who is Chief Executive Officer and Chief Financial Officer of the Group and Niclas Sjöberg who is Refractory Industry Manager and CEO of Höganäs Borgestad.
<i>Statutory auditor</i> .....	The Company's independent auditor is Deloitte AS, with company registration number 980 211 282 and registered business address at Dronning Eufemias gate 14, N-0191 Oslo, Norway.

### What is the key financial information regarding the issuer?

#### Consolidated statement of income data

<i>In TNOK</i>	12 months' period ended 31 December	Year ended 31 December		Three months' period ended 31 December	
	2021 ( <i>unaudited</i> )	2020 ( <i>audited</i> )	2019 ( <i>audited</i> )	2021 ( <i>unaudited</i> )	2020 ( <i>unaudited</i> )
Total revenue.....	944,149	862,388	918,549	252,102	203,204
Operating profit / loss .	45,011	-116,439	28,664	36,405	-120,404
Net profit / loss .....	-3,780	-175,006	-61,650	26,638	-181,079

#### Consolidated statement of financial position data

<i>In TNOK</i>	12 months' period ended 31 December	Year ended 31 December		Three months' period ended 31 December	
	2021 ( <i>unaudited</i> )	2020 ( <i>audited</i> )	2019 ( <i>audited</i> )	2021 ( <i>unaudited</i> )	2020 ( <i>unaudited</i> )
Total assets .....	1,457,761	1,534,153	1,636,140	1,457,761	1,534,153
Total equity.....	355,434	383,758	513,791	355,434	383,758
Net financial debt (long term debt plus short term debt minus cash).....	1,043,025	1,088,465	1,018,722	1,043,025	1,088,465

#### Consolidated statement of cash flow data

<i>In TNOK</i>	12 months' period ended 31 December	Year ended 31 December		Three months' period ended 31 December	
	2021 ( <i>unaudited</i> )	2020 ( <i>audited</i> )	2019 ( <i>audited</i> )	2021 ( <i>unaudited</i> )	2020 ( <i>unaudited</i> )
Cash flow from operating activities...	11,800	-3,277	10,487	18,803	1,746
Cash flow from investing activities ...	58,514	-11,667	-6,844	74,846	-1,790
Cash flow from financing activities ...	-72,943	-26,752	42,928	56,611	-347

### What are the key risks that are specific to the issuer?

- Material risk factors* .....
- The global economy has been experiencing a period of uncertainty since the outbreak of the coronavirus SARS-CoV-2 (COVID-19). Increasing COVID-19 infections and the extraordinary measures imposed by authorities have had, and may continue to have, a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.
  - Agora Bytom, being the Group's largest investment (amounting to more than 50% of the value on the Group's balance sheet as of 31 December 2021), is dependent on having frame agreements with key tenants such as international chains and

major local brands to attract customers to the shopping centre. Furthermore, with new trends in the retail business, such as e-commerce, the Group must be able to enter into tenancy agreements with other type of tenants, such as restaurants and experience providers (e.g. cinemas and sport and activity providers) in order to maintain the same level of visitors to Agora Bytom. If Agora Bytom were to lose any key tenants which are not replaced with tenants of the same quality, if shopping centres in general, and Agora Bytom specifically, are not able to remain attractive to the public or if the extraordinary measures imposed by the authorities in Poland to contain the COVID-19 virus continues, Agora Bytom may in the future not be able to attract a sufficient number of customers to generate adequate revenues for the Group to cover its operating expenses and/or service its debts. If the above risks were to materialise, this could have a material adverse effect on the Group's business, results of operations, cash flows, liquidity, financial condition and/or prospects.

- The Group's refractory business is in particular dependent on one material supplier, Refratechnik Cement GmbH and Refratechnik Steel GmbH (jointly Refratechnik), delivering standardized refractory products of the quality expected by the Group and its customers, on time and in the quantities ordered. As a result of the agreement with Refratechnik, the Group's production of standardized refractory products at its refractory facility in Bjuv, Sweden, closed down with effect from October 2021. If the agreement with Refratechnik is terminated for any reason or amended to less favourable terms for the Group, if Refratechnik is not able to supply with the quantities and qualities required, this could have a material adverse effect on the Group's refractory business, results of operations, cash flows, liquidity, financial condition and/or prospects.
- If the Company's subsidiaries in are unable to transfer funds to the Company, this could have a material adverse effect on the Group's cash flows, liquidity, financial condition and/or prospects and it could result in the Company being unable to service its debt as it falls due.
- The global markets of the refractory business makes it highly competitive and as customer contracts generally are awarded on a competitive bid basis, with pricing often being the decisive factor for being awarded contracts, the entrance of low cost providers of refractory products, especially from Eastern Europe and Asia, may influence the Group's market and lead to higher competition. Furthermore, the introduction of new products and services, market acceptance of products and services based on new or alternative technologies, or the emergence of new industry standards in the refractory business could render the Group's existing products obsolete or make it easier for other products to compete with its products and services. If the Group fails to expand or enhance its product portfolio and/or service range or respond effectively to technological changes, this could have a material adverse effect on the Group's refractory business, results of operations, cash flows, financial condition and/or prospects.
- If Höganäs Borgestad fails to enter into new customer agreements and/or retaining its existing customers, this could have a material adverse effect on the Group's refractory business, cash flows, liquidity, financial condition and/or prospects.
- The Group is dependent on the supply of bricklayers from a limited number of suppliers in order to execute the installation projects. Since the outbreak of Covid-19, the Group has experienced reduced access to and challenges related to transportation of bricklayers. The Group's ability to renew or extend existing contracts with suppliers for personnel, or enter into new contracts, is dependent on prevailing market conditions, the number of bricklayers educated and the prevailing Covid-19 situation. If supplier contracts for the required personnel are not renewed or replaced upon expiry or termination, this could have a material adverse effect on the Group's refractory businesses, results of operations, cash flows, financial condition and/or prospects.

- The Group company Macon AB is currently involved in an arbitration dispute in Wien, relating to a project delivered by Macon AB to a customer in Russia in 2016. The customer has not paid an amount of approximately SEK 25 million for the project to Macon AB, and the Company is of the opinion that Macon AB has a claim against the Russian customer for the outstanding amount. The date of arbitration was originally set to 20 April 2020 to 24 April 2020, but due to Covid-19 the arbitration has been postponed to 2022. Further, in July 2018, three Danish companies initiated legal proceedings against Borgestad, Borgestad Properties AS and Agora Bytom Sp. z.o.o before the Oslo District Court, related to an alleged claim for additional project management fee in connection with the construction of the shopping center in Agora Bytom. In 2019, the Court of Appeal dismissed the case with regard to one of the Danish companies and Agora Bytom Sp. z.o.o, and this decision is final. In February 2021, the Oslo District Court acquitted Borgestad and Borgestad Properties AS. The Danish companies have appealed the judgment and the date of the appeal hearing in the Court of Appeal has been set to 8 March 2022 to 10 March 2022. The maximum liability for the Borgestad companies in this matter is approximately PLN 4 million, with the addition of interest and legal costs. If Macon AB is not successful in its assertion that it has a claim against the Russian customer for the outstanding amount, and/or Borgestad and Borgestad Properties AS are not successful in their assertion that the appeal should be dismissed, this may have significant effects on the Group's results of operations, cash flows, liquidity, financial conditions and prospects.
- The Company has a 2.98% ownership interest in the wind power development company ERH AS (previously named NBT AS and Emergey AS), with substantial development rights in northern China, Pakistan and Ukraine. ERH currently experiences an economic crisis and material technical problems and, as such, has a highly uncertain future. The uncertainty has been further exacerbated by the Russian attack on Ukraine on 24 February 2022. Based on publicly available reports from the ERH group of companies, the situation for ERH's projects in the Ukraine appears unclear, with corresponding uncertainty for the value of the Company's shares in ERH. If the crisis in ERH continues, or is solved in a manner that is detrimental to the Company, or ERH loses control of its Ukrainian wind farms or they are permanently damaged due to the Russian attack on Ukraine, this may have a material adverse effect on the Group's financial condition and prospects.
- If the Group is unable to comply with restrictions and covenants in the agreements governing its indebtedness or in current or future debt financing agreements, there could be a default or cancellation under the terms of those agreements.
- As a consequence of its international operations, the Group is exposed to exchange rate fluctuations since operating revenues and operating costs are denominated in different currencies. Exchange rate fluctuations could have a significant adverse effect on the Group's results of operations, cash flows, financial conditions and prospects.

#### **Key information on the securities**

##### **What are the main features of the securities?**

*Type, class and ISIN .....* All of the Shares are common shares in the Company and have been created under the Norwegian Public Limited Companies Act. The existing Shares are, and the New Shares will be, registered in book-entry form with the VPS and have ISIN NO 0003111700. The New Shares will be ordinary Shares in the Company, each having a par value of NOK 1.00. The New Shares will carry full shareholder rights, in all respects equal to the Company's existing Shares, from the time of registration with the NRBE. The New Shares have not been listed and are not tradable on the Oslo Stock Exchange on the date of this Prospectus.

<i>Currency, par value and number of securities.....</i>	The Shares will be traded in NOK on the Oslo Stock Exchange. As of the date of this Prospectus, the Company's share capital is 12,724,832 divided into 12,724,832 Shares, each with a par value of NOK 1.00.
<i>Rights attached to the securities.....</i>	The Company has one class of shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all shares in that class provide equal rights in the Company. Each of the Shares carries one vote.
<i>Transfer restrictions.....</i>	The Shares are freely transferable. The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Shares. Share transfers are not subject to approval by the Board of Directors.
<i>Dividend and dividend policy.....</i>	The Company's goal is to maximize the shareholders' values over time. The Company wishes to distribute a steady and preferential increasing dividend. For the accounting years 2018, 2019 and 2020, no dividend was paid.

### **Key information on the offer of securities to the public and/or the admission to trading on a regulated market**

#### **Under which conditions and timetable can I invest in this security?**

<i>Terms and conditions of the offering.....</i>	<p>The Subsequent Offering consists of an offer by the Company to issue up to 50,000,000 Offer Shares, each with a par value of NOK 1.00, at a Subscription Price of NOK 2.00 per Offer Share, being equal to the subscription price in the Private Placement. Subject to all Offer Shares being issued, the Subsequent Offering will result in NOK 100,000,000 in gross proceeds to the Company. The purpose of the Subsequent Offering is to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting the dilution of their shareholding. Eligible Shareholders are shareholders of the Company as of 1 March 2022 (as registered in the VPS on the Record Date) who (i) were not allocated shares in the Private Placement and (ii) are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action. Eligible Shareholders will be granted non-transferable Subscription Rights that, subject to applicable laws, provide the right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Over-subscription will be permitted, but subscription without Subscription Rights will not be permitted. Eligible Shareholders will be granted non-transferable Subscription Rights giving a preferential right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Each Eligible Shareholder will, subject to applicable securities laws, be granted 8.72804 Subscription Rights for each Share registered as held by such Eligible Shareholder on the Record Date, rounded down to the nearest whole Subscription Right. Each whole Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account on or about 24 March 2022 under the ISIN NO 0012472531. The Subscription Rights will be distributed free of charge to Eligible Shareholders. The Subscription Rights are non-transferable. The Subscription Period will commence on 25 March 2022 and end on 8 April 2022 at 16:30 hours (CEST). The Subscription Period may not be extended or shortened. <b>The Subscription Rights must be used to subscribe for Offer Shares before the expiry of the Subscription Period on 8 April 2022 at 16:30 hours (CEST). Subscription Rights that are not exercised before 16:30 hours (CEST) on 8 April 2022 will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and the Subscription Form attached hereto and that the receipt of Subscription Rights does not in itself constitute a subscription of Offer Shares.</b> The payment date for the Offer Shares is expected to be on or about 13 April 2022. Delivery of the Offer Shares is expected to take place on or about 22 April 2022 through the facilities of the VPS.</p>
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*Timetable in the offering .....* The timetable set out below provides certain indicative key dates for the Subsequent Offering:

Last day of trading in the Shares including Subscription Rights .....	1 March 2022
First day of trading in the Shares excluding Subscription Rights .....	2 March 2022
Record Date .....	3 March 2022
Subscription Period commences .....	25 March 2022
Subscription Period ends .....	8 April 2022 at 16:30 hours (CEST)
Allocation of the Offer Shares .....	Expected on or about 11 April 2022
Publication of the results of the Subsequent Offering .....	Expected on or about 11 April 2022
Distribution of allocation letters .....	Expected on or about 11 April 2022
Payment Date .....	Expected on or about 13 April 2022
Registration of the share capital increase pertaining to the Subsequent Offering .....	Expected on or about 21 April 2022
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange .....	Expected on or about 21 April 2022
Delivery of the Offer Shares .....	Expected on or about 22 April 2022

*Admission to trading .....* The Shares are, and the New Shares will be, admitted to trading on the Oslo Stock Exchange under ISIN NO 0003111700 and ticker code "BOR". The Company currently expects commencement of trading in the Private Placement Shares and the Conversion Shares on the Oslo Stock Exchange on or about 25 March 2022 and 28 March 2022, respectively, and the Offer Shares on or about 21 April 2022. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

*Distribution plan .....* Allocation of the Offer Shares will take place on or about 11 April 2022 in accordance with the following criteria:

- Allocation will be made to subscribers in accordance with the Subscription Rights used to subscribe new Shares in the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one (1) Offer Share.
- If not all Subscription Rights are validly used during the Subscription Period, subscribers who have used their Subscription Rights and have over-subscribed will be allocated remaining new Shares on a pro rata basis based on the number of Subscription Rights exercised. In the event that pro rata allocation is not possible due to the number of remaining Offer Shares, the Company will determine the allocation by lot drawing.

No fractional Offer Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights unless subscribers are given the right to over-subscribe in accordance with the above allocation criteria.

*Dilution .....* The following table shows a comparison of participation in the Company's share capital and voting rights for existing shareholders before and after the issuance of the New Shares, with the assumption that existing shareholders do not subscribe for the New Shares and assuming that all the Offer Shares are issued:

	<b>Prior to the issuance of the New Shares</b>	<b>Subsequent to the issuance of the New Shares</b>
Number of Shares each with a par value of NOK 1.00	12,724,832	163,089,158
% dilution .....		92.2%

The Company's total assets (non-current assets and current assets taken together) and liabilities (non-current liabilities and current liabilities taken together) as at 31 December 2021 and as set out in the Company's interim financial statements for the 3 and 12 months' periods ended on 31 December 2021 were NOK 1,457,761,000

and NOK 1,102,327,000, respectively, which translates to approximately NOK 27.93 in net asset value per Share at that date. The Subscription Price is NOK 2.00.

*Total expenses of the issue/offer .....* The Company will bear the costs, fees and expenses related to the Subsequent Offering, which are estimated to amount to approximately NOK 1.8 million assuming that all Offer Shares are issued. No expenses or taxes will be charged by the Company or the Manager to the subscribers in the Subsequent Offering.

**Who is the offeror and/or the person asking for admission to trading?**

*Brief description of the Offeror .....* Not applicable. The Company is offering the New Shares.

**Why is this Prospectus being produced?**

*Reasons for the offer/admission to trading* This Prospectus has been prepared in order to facilitate the listing of the New Shares on the Oslo Stock Exchange and to facilitate for the offering of the Offer Shares. The purpose of the Subsequent Offering is to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting the dilution of their shareholding.

*Use of proceeds.....* The net proceeds from the Private Placement will be used (i) for general corporate purposes in the amount of NOK 30 million and (ii) to repay debt under the bond issue (BOR04) by carrying out a partial redemption of the bonds at 102% of the nominal value with the remaining amount. The net proceeds from the Subsequent Offering will be used to repay debt under the bond issue (BOR04) by carrying out a partial redemption of the bonds at 102% of the nominal value, provided however, that the outstanding amount under the bond issue shall not be less than NOK 100 million and, if the net proceeds from the Subsequent Offering are higher, for general corporate purposes.

*Underwriting .....* Not applicable. There is no underwriting in the Subsequent Offering.

*Conflicts of interest.....* The Manager or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company. Further, in connection with the Subsequent Offering, the Manager, its employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Further, the Manager will receive a variable fee in connection with the Subsequent Offering, and, as such, have an interest in the Subsequent Offering. Beyond the abovementioned, the Company is not aware of any interest, including conflicting ones, of natural and legal persons involved in the Subsequent Offering.

## 2 RISK FACTORS

*An investment in the Company, thus the New Shares, involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Prospectus, including the Financial Information and related notes incorporated by reference hereto. The risks and uncertainties described in this Section 2 are the material known risks and uncertainties faced by the Group as of the date hereof, and represents those risk factors that the Company believes to represent the most material risks for investors when making their investment decision in the Offer Shares. An investment in the Company is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.*

*The risk factors included in this Section 2 are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Group, taking into account their potential negative effect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Offer Shares. Additional factors of which the Company is currently unaware, or which it currently deems not to be risks, may also have corresponding negative effects. The Covid-19 pandemic, including the aftermath of the pandemic, may adversely affect the likeliness and/or materiality of the risk factors presented in this Section 2, and could also impose additional risks that have not yet been identified by the Company or which are not considered as material risks at the date of this Prospectus.*

### 2.1 Risks related to the Group and the industries in which the Group operates

**The COVID-19 pandemic has negatively affected, and may continue to negatively affect the Group's revenues, investments and operations going forward and the extent of such future negative effects cannot be predicted**

The Group's performance is affected by the global economic conditions in the markets in which it operates and has financial investments. The global economy has been experiencing a period of uncertainty since the outbreak of the coronavirus SARS-CoV-2 ("**COVID-19**"), which was recognised as a pandemic by the World Health Organization in March 2020. The outbreak of COVID-19, and the extraordinary health measures and restrictions imposed by authorities across the world on local and global basis, have, and are expected to continue to have, a severe impact on companies and markets globally and locally. This may result in a prolonged reduction in the level of activity in the Norwegian, Nordic and Polish economy as well as the global economy. A prolonged reduction in activity may severely impact the Group's customers and financial investments, and could in turn negatively affect the Group's revenue and operations going forward, including the Group's ability to raise capital or secure financing and/or its ability to service its debts.

As an example, authorities in the Group's export markets have implemented measures affecting the Group's operations, such as in relation to logistics and transportation of products. In particular, the Group has experienced increased costs related to routines for compliance with infection control rules, imposed quarantine for foreign workers in connection with implementation of installation projects and postponement of installation projects. Further, COVID-19 has impacted other parts of the Group's value chain and has had an impact on prices for the Company's products and resulted (in some cases) in the Group's suppliers not being able to provide products or raw materials or other supplies on a timely basis. COVID-19 has also entailed reduced access to and challenges pertaining to transportation of bricklayers. As such, the Group's sales and profit in 2020 and 2021 was severely affected by the COVID-19 pandemic.

Further, the Group's commercial real property business has been, and may continue to be, severely adversely affected by COVID-19, as further described below.

Increasing COVID-19 infections and the extraordinary measures imposed by authorities have had, and may continue to have, a material adverse effect on the Group's business, results of operations, cash flows, financial condition

and/or prospects. Further, the COVID-19 situation is continuously changing, and it is difficult to foresee how the COVID-19 pandemic will affect the Group both in the short term and the long term. In addition, the impact of COVID-19 on the general economy is difficult to predict, and any general economic downturn is also likely to have a negative effect on the Group.

**The Group's commercial real property business is highly competitive, continuously subject to new market trends and depends on public use**

The shopping centre Agora Bytom, being the Group's largest investment (amounting to more than 50% of the value on the Group's balance sheet as of 31 December 2021), is dependent on having frame agreements with key tenants such as international chains and major local brands to attract customers to the shopping centre. Furthermore, with new trends in the retail business, such as e-commerce, the Group must be able to enter into tenancy agreements with other type of tenants, such as restaurants and experience providers (e.g. cinemas and sport and activity providers) in order to maintain the same level of visitors to Agora Bytom.

Further, the extraordinary measures imposed by authorities worldwide, including in Poland, to contain COVID-19 have had a large impact on the world economy and have led to a decrease in the public's use of shopping centres, including Agora Bytom. Since the World Health Organization declared the COVID-19 virus a pandemic in March 2020, Agora Bytom has on several occasions been partly locked down due to increasing COVID-19 infections, where only tenants selling grocery, sanitary and pharmacy articles, and service related industries (in total about 30 percent of the tenants) have been allowed to remain open. Compared to 2019, the total turnover for Agora Bytom in 2020 was reduced by 31.9% and the total turnover for Agora Bytom was in 2021 reduced by 27% compared to 2019, and the decline is a direct consequence of the COVID-19 pandemic and periods of closure.

If Agora Bytom were to lose any key tenants which are not replaced with tenants of the same quality, if shopping centres in general, and Agora Bytom specifically, are not able to remain attractive to the public or if the extraordinary measures imposed by the authorities in Poland to contain the COVID-19 virus continues, Agora Bytom may in the future not be able to attract a sufficient number of customers to generate adequate revenues for the Group to cover its operating expenses and/or service its debts. If the above risks were to materialise, this could have a material adverse effect on the Group's business, results of operations, cash flows, liquidity, financial condition and/or prospects.

**The Group's refractory business is in particular dependent on one material supplier**

The Company's subsidiary Höganäs Borgestad AB ("**Höganäs Borgestad**") entered into a strategic resale agreement for the purchase of standardized refractory products with the German company Refratechnik Cement GmbH and Refratechnik Steel GmbH (jointly "**Refratechnik**") effective 1 April 2021. As a result of said agreement, Höganäs Borgestad closed down its production of standardized refractory products at its refractory facility in Bjuv, Sweden with effect from October 2021, however so that it continues to manufacture refractory monolithic and hand shaped refractory products.

The Group's refractory business is to a significant extent dependent on Refratechnik delivering standardized refractory products of the quality expected by Höganäs Borgestad and its customers, on time and in the quantities ordered.

If Höganäs Borgestad's agreement with Refratechnik is terminated for any reason or amended to less favourable terms for the Group, if Refratechnik is not able to supply Höganäs Borgestad with the quantities and qualities required by Höganäs Borgestad or its customers, this could have a material adverse effect on the Group's refractory businesses, results of operations, cash flows, liquidity, financial condition and/or prospects.

**The refractory business is global and highly competitive and is under continuous development which could make the Group unable to attract and retain a sufficient number of customers**

The global markets of the refractory business makes it highly competitive and as customer contracts generally are awarded on a competitive bid basis, with pricing often being the decisive factor for being awarded contracts, the entrance of low cost providers of refractory products, especially from Eastern Europe and Asia, may influence the Group's market and lead to higher competition.

Furthermore, the introduction of new products and services, market acceptance of products and services based on new or alternative technologies, or the emergence of new industry standards in the refractory business could render the products sold by the Group obsolete or make it easier for other products or competitors to compete with its products and services. If the Group fails to have refractory products available which meets the customer demand, this could have a material adverse effect on the Group's refractory business, results of operations, cash flows, liquidity, financial condition and/or prospects.

**The Group's refractory business is dependent on Höganäs Borgestad entering into new customer agreements and/or retaining its existing customers**

The Group's revenue from the refractory business is dependent on Höganäs Borgestad entering into new customer agreements and/or retaining its existing customers. If Höganäs Borgestad fails to enter into new customer agreements and/or retaining its existing customers, this could have a material adverse effect on the Group's refractory business, results of operations, cash flows, liquidity, financial condition and/or prospects.

**The Group's refractory business is exposed to project execution risks**

Planning and execution of refractory installation projects require skilled and qualified personnel. In order for the Group to be able to execute installation projects timely and with a high quality standard, the Group is dependent on having sufficient skilled personnel available, and especially educated and well trained refractory bricklayers. The Group is dependent on the supply of bricklayers from a limited number of suppliers in order to execute the installation projects. Since the outbreak of Covid-19, the Group has experienced reduced access to and challenges related to transportation of bricklayers. The Group's ability to renew or extend existing contracts with suppliers for personnel, or enter into new contracts, is dependent on prevailing market conditions, the number of bricklayers educated and the prevailing Covid-19 situation. If supplier contracts for the required personnel are not renewed or replaced upon expiry or termination, or if the suppliers do not honour their obligations pursuant to the contracts, this could have a material adverse effect on the Group's refractory businesses, results of operations, cash flows, financial condition and/or prospects.

**Risk related to the Company's ownership interest in ERH AS**

The Company has a 2.98% ownership interest in the wind power development company ERH AS (previously named NBT AS and Emergy AS) ("**ERH**"), as further described in Section 5.1 and 5.4.3.1, with substantial development rights in northern China, Pakistan and Ukraine. ERH currently experiences an economic crisis and material technical problems and, as such, has a highly uncertain future. The uncertainty has been further exacerbated by the Russian attack on Ukraine on 24 February 2022. Based on publicly available reports from the ERH group of companies, the situation for ERH's projects in the Ukraine appears unclear, with corresponding uncertainty for the value of the Company's shares in ERH. If the crisis in ERH continues, or is solved in a manner that is detrimental to the Company, or ERH more permanently loses control of its Ukrainian wind farms or they are permanently damaged due to the Russian attack on Ukraine, this may have a material adverse effect on the Group's financial condition and prospects.

**2.2 Risks related to financing and market risk**

**The Group could be unable to comply with restrictions and the financial covenants in agreements governing its indebtedness**

If the Group is unable to comply with restrictions and covenants in the agreements governing its indebtedness or in current or future debt financing agreements, there could be a default or cancellation under the terms of those agreements. The Group's ability to comply with such restrictions and covenants, including meeting financial ratios and measures, is dependent on its future performance and financial development. The Group has *inter alia* covenants relating to minimum requirements with respect to equity, equity ratio, changes in shareholders, minimum free liquidity and minimum ratio between EBITDA and net interest-bearing debt.

As an example, the bond terms for the Company's senior secured bond loan (BOR04) (the "**Bond Loan**", the "**Bond Issue**" or the "**Bonds**") contains a covenant pursuant to which the Group at all times shall have a book equity exceeding NOK 350 million (the "**Book Equity Covenant**"). As a consequence of earlier write-downs, uncertainty related to the Group's investment in ERH and other adverse effects of the Covid-19 pandemic, the book equity of the Group as at 31 December 2021, as set out in the Interim Financial Statements, was NOK 355.4 million, which was close to the minimum level of the Book Equity Covenant. Due to the strengthening of the Company's equity as a

result of the Private Placement, the Group's book equity will, as of 31 March 2022, be well above the Book Equity Covenant.

If a default occurs under any of the Group's loan agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed due and payable. Borrowings under debt arrangements that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable.

In addition, certain of the Group's financing agreements include change of control provisions which, if triggered, could result in the Group having to immediately prepay all amounts, including interest, accrued and owing under the relevant facility.

If any of the above-mentioned events occur, the Group cannot guarantee that its assets will be sufficient to repay in full all of its outstanding indebtedness, the value of the assets may be negatively influenced and the Group may be unable to find alternative financing. Even if the Group could obtain alternative financing, that financing might not be on terms that are favourable or acceptable.

The occurrence of such events could have a material adverse effect on the Group's financing, business, results of operations, cash flows, liquidity, financial condition and/or prospects.

**The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Company's ability to declare dividends to its shareholders**

The Group's main financing arrangements are (i) the Bond Loan of approximately MNOK 300<sup>2</sup> as per 31 December 2021 (prior to the Company's repurchase of Bonds from the bondholders with the proceeds from the Private Placement (the Bond Redemption as defined in Section 12.1.2 "Reasons for the Private Placement and use of proceeds") and the Bond Conversion) which carries a floating interest rate at NIBOR + a margin of 8%, (ii) a mortgage loan with Agora Bytom Sp. z o.o. as borrower of approximately MEUR 43.6 as per 31 December 2021 with an interest rate of EURIBOR + a margin of 2.8% and (iii) Höganäs Borgestad Holding AB's mortgage loan and credit facility with Nordea Bank Abp, filial i Sverige ("**Nordea**") with a margin + 3%.

Although not planned for at the date of this Prospectus, the Group may incur additional indebtedness in the future. The Group's level of debt at any time may have important consequences for the Group, including but not limited to the following:

- The Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favourable terms;
- The Group's costs of borrowing could increase as it becomes more leveraged;
- The Group may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders;
- The Group's debt level could make it more vulnerable than its competitors with less debt to competitive pressure, a downturn in its business or the economy generally; and
- The Group's debt level may limit its flexibility in responding to changing business and economic conditions.

The Group's ability to service its debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business

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<sup>2</sup> The Company has however repurchased Bonds for a total amount of MNOK 29.6, so that the outstanding amount (prior to the Private Placement, Bond Conversion and Bond Redemption) is approx. MNOK 270.4.

activities, acquisitions, investments or capital expenditures, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all. If any such risk materialise, it could have a material adverse effect on the Group's business, results of operations, cash flows, liquidity, financial condition and/or prospects.

### **Risks related to the Company being a holding company**

The Company is a holding company and relies principally on cash generated by its subsidiaries for its cash and financing requirements, including the funds necessary to service any debt it may incur. The Company's subsidiaries may be restricted in their ability to transfer funds to the Company whether in the form of dividends, loans or advances, and the imposition of such a limitation could materially and adversely limit the Company's ability to grow, make investments or acquisitions that could be beneficial to its businesses, pay dividends or otherwise fund and conduct its business. The inability of the subsidiaries to transfer cash to the Company may mean that, even though the Company may have sufficient resources on a consolidated basis to meet its obligations under its debt agreements, it may not be able to meet such obligations. Defaults by, or the insolvency of, certain subsidiaries of the Company could result in the obligation of the Company to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations, or cause cross-defaults on certain borrowings of the Company. If the Company's subsidiaries are unable to transfer funds to the Company, this could have a material adverse effect on the Group's cash flows, liquidity, financial condition and/or prospects and it could result in the Company being unable to service its debt as it falls due.

### **The Group is exposed to exchange rate fluctuations**

As a consequence of its international operations, including its operations in Norway, Sweden, Finland and Poland the Group is exposed to exchange rate fluctuations since operating revenues and operating costs are denominated in different currencies. By example, a material part of the operating revenues from sales within the refractory business comes from the Group's Norwegian and Swedish operations which are denominated in NOK and SEK, respectively, while the refractory products acquired from Refratechnik is denominated in EUR. Within the commercial real property business the rental income in Agora Bytom is dominated in EUR, while a significant part of the operational costs are dominated in PLN. Furthermore, the Group's consolidated financial statements are presented in NOK, but only a part of the Group's revenues, costs and liabilities are denominated in NOK. The Group may enter into hedging agreements, but there can be no assurance that such arrangements will fully, or at all, protect the Group from exchange rate risk (in particular in the long term) or that the Group is able to enter into such hedging arrangements on commercially reasonable terms. Exchange rate fluctuations could have a significant adverse effect on the Group's results of operations, cash flows, liquidity, financial conditions and prospects.

## **2.3 Risks related to laws, regulations and litigation**

### **Risk related to legal proceedings**

The Group may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business and is currently involved in the legal proceedings described below. The results of litigation and claims are inherently unpredictable and uncertain and regardless of the outcome, litigation has the potential to have an adverse impact on the Group because of defence and settlement costs, diversion of management resources and other factors.

The Group company Macon AB is currently involved in an arbitration dispute in Wien, relating to a project delivered by Macon AB to a customer in Russia in 2016. The customer has not paid an amount of approximately SEK 25 million for the project to Macon AB, and the Company is of the opinion that Macon AB has a claim against the Russian customer for the outstanding amount. The Russian customer has presented a counterclaim against Macon AB for damages due to production loss and daily fines of approximately SEK 40 million. Borgestad is of the opinion that there is no basis for the counterclaim and has consequently not made any provision in its accounts for such claim.

Further, in July 2018, three Danish companies initiated legal proceedings against Borgestad, Borgestad Properties AS and Agora Bytom Sp. z.o.o before the Oslo District Court, related to an alleged claim for additional project management fee in connection with the construction of the shopping center in Agora Bytom. In 2019, the Court of Appeal dismissed the case with regard to one of the Danish companies and Agora Bytom Sp. z.o.o, and this decision is final. In February 2021, the Oslo District Court acquitted Borgestad and Borgestad Properties AS. The Danish companies have appealed the judgment. The date of the appeal hearing in the Court of Appeal was initially set to 8 to 10 March 2022. However, the appeal hearing has been postponed and the new date for the hearing has not been

determined. The maximum liability for the Borgestad companies in this matter is expected to be approximately PLN 4 million, with the addition of interest and legal costs.

If the Group is not successful in its assertions in the above legal proceedings or other legal proceedings or claims that may arise, this may have a material adverse effect on the Group's results of operations, cash flows, liquidity, financial condition and prospects.

### **3 RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared in connection with the Subsequent Offering described herein and the listing of the New Shares on the Oslo Stock Exchange.

The board of directors of Borgestad ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

24 March 2022

#### **The Board of Directors of Borgestad ASA**

Jacob Andreas Møller

Gudmund Joar Bratrud

Anita Ballestad

Anne Sofie Tønseth Markman

## 4 GENERAL INFORMATION

### 4.1 The approval of this Prospectus by the Norwegian Financial Supervisory Authority

The Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the "**Norwegian FSA**") has reviewed and approved this Prospectus, as competent authority under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"). The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. This Prospectus was approved by the Norwegian FSA on 24 March 2022. The Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129 (the EU Prospectus Regulation). Investors should make their own assessment as to the suitability of investing in the securities.

### 4.2 Other important investor information

The Company has furnished the information in this Prospectus. No representation or warranty, express or implied is made by the Manager as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Manager assumes no responsibility for the accuracy or completeness or the verification of this Prospectus and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Manager, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares or holder of the Subscription Rights regarding the legality of an investment in the Offer Shares or the Subscription Rights. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares and the use of the Subscription Rights to subscribe for Offer Shares and the Subscription Rights.

Investing in the Shares involves a high degree of risk. Reference is made to Section 2 "Risk Factors".

### 4.3 Financial information

The Company's audited consolidated financial statements as of and for the year ended 31 December 2020 (the "**Financial Statements**") and the Company's unaudited consolidated interim financial statements as of and for the three and 12 months' periods ended 31 December 2021 (the "**Interim Financial Statements**" and together with the Financial Statements, the "**Financial Information**") have been incorporated by reference hereto, see Section 14.3 "Incorporation by reference". The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "**EU**"), while the Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU.

The Financial Statements have been audited by Deloitte AS ("**Deloitte**"), as set forth in their report included therein. The Interim Financial Statements have not been audited.

In Deloitte's auditor opinion for the Financial Statements, the following clarification is included (office translation from Norwegian): "We refer to the discussion regarding financial risk in the board of directors' report, as well as the descriptions made in notes 5 and 11 to the group's financial statements and in note 14 to the company's financial statements, describing the potential negative consequences the group might face with respect to any future defaults related to breaches of financial covenants during 2021. This matter has no consequence to our conclusion regarding the financial statements."

The Company presents the following alternative performance measure ("**APM**") as defined by the European Securities and Markets Authority ("**ESMA**") in this Prospectus:

- **EBITDA**: EBIT plus depreciations, amortisations and devaluations.

#### **4.4 Presentation of other information**

##### *4.4.1 Industry and market data*

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's future business and the industries and markets in which it may operate in the future. Unless otherwise indicated, such information reflects the Company's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual financial statements and other presentations published by listed companies operating within the same industry as the Company may do in the future. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Company's competitive position in the future is based on the Company's own assessment and knowledge of the potential market in which it may operate.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations to update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk Factors" and elsewhere in this Prospectus.

##### *4.4.2 Other information*

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**USD**" or "**U.S. Dollar**" are to the lawful currency of the United States, all references to "**SEK**" are to the lawful currency of Sweden, all references to "**PLN**" are to the lawful currency of Poland and all references to "**Euro**" or "**EUR**" are to the lawful common currency of the European Union (the "**EU**") member states who have adopted the Euro as their sole national currency. No representation is made that the NOK, USD, SEK, PLN and EUR amounts referred to herein could have been or could be converted into NOK, USD, SEK, PLN or EUR as the case may be, at any particular rate, or at all. The Financial Information is published in NOK.

##### *4.4.3 Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

#### **4.5 Cautionary note regarding forward-looking statements**

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their

negative, or other variations or comparable terminology. These forward-looking statements as a general matter are all statements other than statements as to historic facts or present facts and circumstances. They appear in the Section 5 "Business of the Group" of this Prospectus, and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, and the industry in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry and potential market in which the Group may operate in the future, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- the effect of changes in demand, pricing and competition for the Group's existing and future products and services;
- the Group's strategy, outlook and growth prospects and the ability of the Group to implement its strategic initiatives;
- the competitive nature of the business the Group operates in and the competitive pressure and changes to the competitive environment in general;
- earnings, cash flows, dividends and other expected financial results and conditions;
- the state of the Group's relationships with major clients, suppliers and affiliated companies;
- technological changes and new products and services introduced into the Group's market and industry;
- fluctuations of interest and exchange rates;
- changes in general economic and industry conditions, including changes to tax rates and regimes;
- political, governmental, social, legal and regulatory changes;
- dependence on and changes in management and failure to retain and attract a sufficient number of skilled personnel;
- access to funding;
- legal proceedings;
- operating costs and other expenses;
- environmental and climatological conditions;
- consequences of consolidation in the industry, resulting in fewer but stronger competitors;
- acquisitions and integration of acquired business; and

- other factors described in Section 0 "Risk factors".

The risks that are currently known to the Company and which could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 0 "Risk factors".

The information contained in this Prospectus, including the information set out under Section 0 "Risk factors", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. Prospective investors in the Shares and/or the Subscription Rights are urged to read all Sections of this Prospectus and, in particular, Section 0 "Risk factors" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

## 5 BUSINESS OF THE GROUP

### 5.1 Introduction

Borgestad is a holding company with subsidiaries engaged in the following three main segments: (i) commercial real property business; (ii) resale, production and distribution of refractory products; and (iii) other activities. Borgestad was incorporated on 11 July 1904, is headquartered in Skien, Norway, and the Group employed 246 full time employees as at 31 December 2021.

The majority of the Group's property investments are in Poland and Norway, of which the most significant is the shopping centre Agora in Bytom (Poland) with gross leasable areas of more than 30,000 square meters and approximately 130 premises, with 115 shops in operation as at 31 December 2021. The Group also owns its headquarter office building in Norway.

The Group's refractory business ("**Höganäs Borgestad**") is a supplier operating in the Nordic refractory market and has global presence in a number of selected application areas, delivering refractory products, installations and turnkey solutions that enhance the productivity and competitiveness of its industrial customers.<sup>3</sup> The Group's refractory production is localized in Bjuv, outside of Helsingborg in Sweden, and the factory facilities consist of a total land area of 54,000 square meters including office buildings.

In March 2021 Höganäs Borgestad entered into a strategic agreement for the resale of standardized refractory products with Refratechnik, a significant supplier of refractory products. The agreement with Refratechnik entails that Höganäs Borgestad from 1 April 2021 buys standardized refractory products from Refratechnik for resale. As a result of the agreement with Refratechnik, Höganäs Borgestad is expected to be able to offer its customers reduced lead times, increased flexibility, and a larger product range. Höganäs Borgestad started the process of closing down the production line for standard production of refractory products in Bjuv from and including October 2021. Höganäs Borgestad will continue to produce refractory monolithic and custom made products. As a result of the closure of the production line for standard production of refractory products, Höganäs Borgestad's workforce has been reduced by approximately 65 employees.

In August 2021, the Company's wholly owned subsidiary Borgestad Næringspark AS (now Borgestad Eiendom AS) entered into an agreement with Ender Invest AS to sell the two properties together constituting Borgestad Næringspark in Skien, Norway, for a total purchase price of NOK 80 million. The agreement was completed in October 2021. Part of the purchase price has been used to repay outstanding debt, and the book profit of the sale is NOK 37.4 million.

Borgestad's most significant other activity is its investment in ERH, a wind power operation and development company with substantial development rights in northern China, Pakistan and Ukraine.

### 5.2 Historical background and company development

Significant milestones in the development of the Group's current business are summarised below:

Year	Event
1904 .....	• Incorporation of the Company
1917 .....	• Listing of the Company's shares on Oslo Børs
1998 .....	• Acquisition of Höganäs Bjuv
2003 .....	• Establishment of Borgestad Næringspark
2006 .....	• Divestment of the shareholding in Borgestad Shipping AS
2006 .....	• Incorporation of Borgestad Properties AS
2006 .....	• Incorporation of Borgestad Næringspark AS

<sup>3</sup> A refractory material or refractory is a heat-resistant material, e.g. a mineral that is resistant to decomposition by heat, sudden changes of temperature, pressure, or chemical attack, most commonly applied to a mineral that retains strength and form at very high temperatures (exceeding 1,250 degrees Celsius). Refractory materials include certain ceramics and superalloys (i.e. high-performance alloys), and are used in, *inter alia*, furnaces, incinerators and reactors, and basic industrial processes which include production stages where high temperatures must be treated.

2010 .....	•	Opening of the shopping center Agora Bytom in Poland
2013 .....	•	Incorporation of Borgestad Industries AS
2019 .....	•	Reorganisation of the Borgestad Industries group and the creation of one common brand: Höganäs Borgestad
2021 .....	•	Höganäs Borgestad entered into a strategic agreement for the resale of refractory products with Refratechnik Cement GmbH and Refratechnik Steel GmbH
2021 .....	•	Höganäs Borgestad started the process of closing down its production line for standard production of refractory products
2021 .....	•	Sale of Borgestad Næringspark

### 5.3 Business strategy

The Agora Bytom business strategy is to develop the shopping centre to continue to be the preferred market place for local customers in Bytom. By attracting quality tenants and a broad tenant mix from several different branches and services, Agora Bytom expects to attract customers, increase turnover among the tenants in the centre and increase rental income for the Company and thereby increase the value of the investment for the owner.

Höganäs Borgestad's business strategy is to increase turnover and profitability through developing, manufacturing and selling refractory products, installations, related technology and turnkey solutions that enhance the productivity and competitiveness of industrial customers. The aim is to contribute to the customer's profitability by being a total and preferred supplier that in addition to delivering the product, offers complementary services as design, engineering, installation, supervision and logistic solutions.

### 5.4 Overview of the Group's business areas and the markets in which it operates

Borgestad's real estate holdings are organised through its wholly-owned subsidiary Borgestad Properties AS. The subsidiary was founded to manage both Borgestad's local and European real estate portfolio.

Currently, Borgestad Properties AS manages its properties in Poland and Norway through its subsidiaries Agora Bytom Sp. z o.o., Hbe 1 AS and Lensegata 8-10 AS, respectively. The Agora Bytom shopping centre (owned by Agora Bytom Sp. z o.o.) is the Group's most important asset representing more than 50% of the values in the balance sheet in Borgestad as of 31 December 2021. Below is a brief description of each investment.

#### 5.4.1.1 Agora Bytom

Agora Bytom is owned by Borgestad and is its most important real estate investment. It is situated in the very inner city of Bytom. The city of Bytom has around 167,000 inhabitants and is a part of the Upper Silesian Metropolitan Union, the most densely populated area in Poland, with a population of approximately 2 million. The shopping centre serves some 150,000 people within a radius of a 10 minutes car travel. Agora Bytom was completed in November 2010, and has a gross acreage of 52,000 square meters, of which 30,936 square meters are leasable area. In addition, the premise includes a 30,000 square meter parking garage with capacity of approximately 820 cars. As of 31 December 2021, approximately 94.08% of the leasable area is leased (and currently in operation as shops), with leases for the remainder under adaptation for signed leases or negotiation. 115 stores are currently in operation, with tenants comprised of large international chains such as H&M, Only, RTV Euro AGD and the LPP Group as well as significant polish tenants. Other large tenants include a multiscreen cinema, a fitness centre and a large convenience store. The centre's current tenant mix can therefore offer the public a broad service within dining, culture and shopping.

The COVID-19 situation in Poland followed the trend in Europe with increasing infections throughout the fourth quarter of 2021.

The construction cost of the shopping centre upon completion in November 2010 totalled EUR 90 million. The company (i.e. Agora Bytom Sp. z o.o.) has a long term debt financing from Bank Polska Kasa Opieki S.A with a mortgage loan of EUR 43.6 million outstanding as of 31 December 2021. The remaining part of the cost was financed through equity and shareholder loans from Borgestad.

Management (including leasing, technical services etc.) of the Agora Bytom shopping centre is handled internally by 16 employees employed by a Polish Group company.

#### 5.4.2 Resale, production and distribution of refractory products

Borgestad's refractory business holdings are organised through its wholly-owned subsidiaries Borgestad Industries AS and Borgestad Industries AB. Borgestad Industries AB owns 61.8% and the Company owns 2.4% of the shares in Höganäs Borgestad Holding AB, the Group company for the Höganäs Borgestad group. The refractory business comprises the production of refractory materials, which are materials that are chemically and physically stable at very high temperatures. The Group has produced refractory products for almost 200 years, thus being a longstanding player in the refractory business. During the last few years the Group has improved research and development focus by recruiting international expertise and established one of Europe's most advanced research centres for refractory science.

The following group chart sets out the group legal structure for the Höganäs Borgestad group:

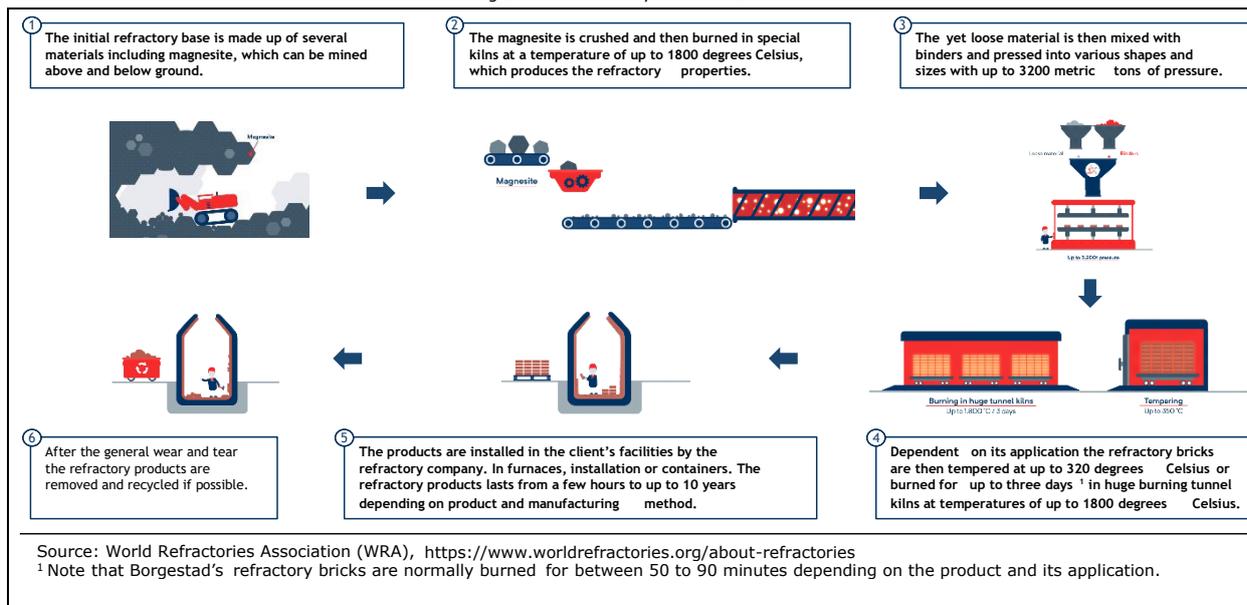


Höganäs Borgestad develops, manufactures and sells refractory products (e.g. shaped products (being bricks and high-alumina bricks) and unshaped products (being monolithic products)), installations, related technology and turnkey solutions that enhance the productivity and competitiveness of industrial customers. The aim is to contribute to the customers' profitability by being a total supplier that in addition to delivering the product, offers complementary services as design, engineering, installation, supervision and logistic solutions.

The principal activities of Höganäs Borgestad include research and development, production, trading with and distribution of refractory and insulation materials. The core business also offers refractory installation services including design and engineering, refractory lining and supervision of installation projects. The strength of Höganäs Borgestad is the ability to offer a highly diversified product portfolio of refractory products and services, and to deliver turnkey solutions to industrial customers. Höganäs Borgestad supplies a complete range of refractory and insulation materials. Application driven research and development as well as a highly automated production are cornerstones for the refractory business' activities.

In the refractory market value chain, which is illustrated below, Höganäs Borgestad adds value through step 2-6. Companies providing services at step 1 in the value chain could be considered suppliers of raw material used as refractory base. Höganäs Borgestad's suppliers include, among others, Bosai Europe, Borregaard, Cofermin Rohstoffe, Imerys Refractory Minerals, Imerys Aluminates and Sibelco. On the opposite side of the value chain, illustrated by step 5 in the below figure, the customers of Höganäs Borgestad demand refractory products to be able to manufacture products that require extremely high temperatures during production. Examples of selected customers of Höganäs Borgestad are SSAB, Hydro, Elkem and Heidelberg cement.

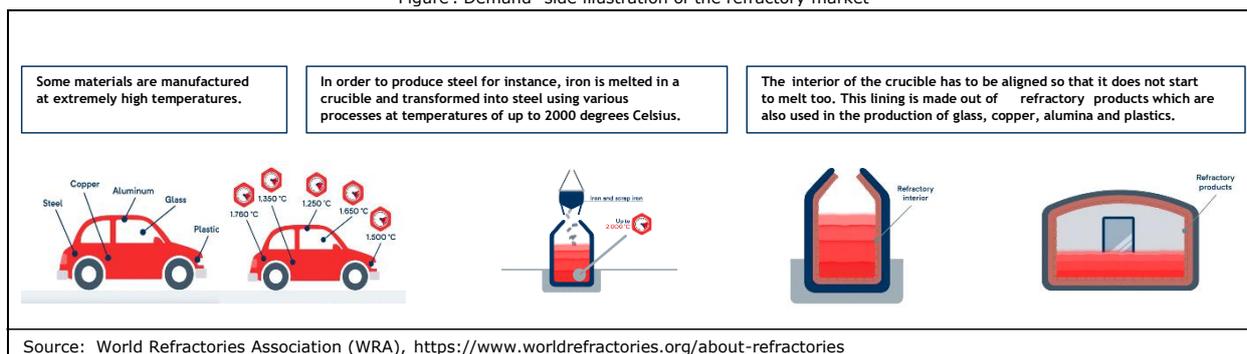
Figure: The refractory market value chain



The activities of Höganäs Borgestad is divided into the following ten business segments: aluminium, cement, steel, pulp & paper, energy waste, ferro alloy, foundries, petrochemical, crematorium and passive fire protection. The classification of business is based on specialization and activities versus different industrial applications and services.

Through its subsidiaries, Höganäs Borgestad delivers refractory services to industrial customers that require fire and acid-resistant materials. The customers can be from throughout the entire value chain<sup>4</sup> and across industries, from mining operations to the automotive industry and other manufacturing. Hence, Höganäs Borgestad could be considered a supplier to any value chain in which there is a demand for refractory equipment. As shown in the demand-side illustration of the refractory market below, there is a broad use of products dependent on refractory manufacturing. Further, the installation service may be considered as early in the value chain due to the nature of its purpose. The cement and the steel segments, as examples, may be considered more throughout the value chain since the nature of refractory products is that it eventually will deteriorate and be replaced by new refractory products. The recurring replacement of refractory material vary from material and process. For instance, within the steel industry the general practice is that the refractory material lasts somewhere from just a few hours to several weeks before it needs to be replaced, while within the glass industry the material could last for a decade before it needs to be replaced<sup>5</sup>.

Figure : Demand -side illustration of the refractory market



In 2019, Höganäs Borgestad introduced a new developed brick, Viking 20. The new brick is internally developed by Höganäs Borgestad's R&D department. Viking 20 is a brick developed especially for the aluminium and cement industry, and the Group expects to increase the turnover as a result of the introduction of the new brick. The brick

<sup>4</sup> <https://www.hoganasborgestad.com/segments/foundries/>, freely available, accessed on 04.03.22.

<sup>5</sup> PRE, the European Refractories Producers Federation, <http://www.pre.eu/>, freely available, accessed on 17.12.18.

is a product that is environmentally friendly as the majority of the raw material used in the production of the brick is recycled.

During 2020, Höganäs Borgestad had challenges in achieving profitability in the production of refractory products. The consequence of this has been declining profitability in the production of refractory bricks. Several measures have been implemented to increase production utilization, including the launch of more cost-effective and environmentally friendly products. The estimated increase in production utilization in 2020 was not realized due to lower demand for refractory products as a result of the pandemic. In 2020, Höganäs Borgestad had lower utilization of production capacity, with declining profitability in production as a consequence. The other business areas of Höganäs Borgestad have for a long time generated revenue growth and good profitability. For 2020, this part has also been negatively affected by the fact that several installation projects have been postponed or scaled down due to the risk of infection. As a result of changed market conditions in 2020 and weak results, the administration initiated a strategic review of the Group to assess alternatives and ensure better profitability in the future. As a result, Höganäs Borgestad entered into a strategic and exclusive partnership agreement in March 2021 with the German supplier of refractory quality products, Refratechnik, for resale of standardized bricks in the Nordic region. This was an important agreement that is expected to help to optimize the Company's operations in the future. Refractory brick production requires large volumes to be competitive in a pressured market. The agreement with Refratechnik means that the German manufacturer will supply affordable standardized stone products to Höganäs Borgestad. Refratechnik has large and efficient production facilities that enable Höganäs Borgestad's customers to have reduced delivery times, increased flexibility and a larger product range. The production plant in Sweden will focus on special products and refractory monolithic. The close down of the brick production line was finalised in October 2021.

The agreement with Refratechnik includes an exclusivity clause whereby Höganäs Borgestad is restricted from buying refractory bricks from producers other than Refratechnik. This means that Höganäs Borgestad is dependent on competitive pricing on the refractory bricks from Refratechnik. Due to the exclusive character of the agreement, Höganäs Borgestad, in order to deliver the products to its own customers on time, is dependent on Refratechnik delivering the products on time and in accordance with the agreement.

2020 and 2021 were challenging years for Höganäs Borgestad due to the COVID-19 pandemic. To minimise the risk of outbreak of COVID-19, it implemented strict measures at the production premises in Bjuv. A general restriction on visits applies to the production location and specific rules have been introduced for loading/unloading of raw materials and finalised products. Exceptions from the restrictions on visits are only approved for the productions' critical visits.

#### 5.4.3 *Other activities*

In addition to the two most important segments described above, the Group has the following investment:

##### 5.4.3.1 ERH AS (2.98%)

ERH is a wind power development company with substantial development rights in northern China, Pakistan and, as of late, Ukraine. ERH's main focus is to develop, build, own and operate wind farms in emerging markets.

ERH currently experiences an economic crisis and material technical problems and, as such, has a highly uncertain future. The uncertainty has been further exacerbated by the Russian attack on Ukraine on 24 February 2022. Based on publicly available reports from the ERH group of companies, the situation for ERH's projects in the Ukraine appears unclear, with corresponding uncertainty for the value of the Company's shares in ERH.

Borgestad owns 2.98% of the shares in ERH.

## 5.5 **Legal proceedings**

The Group company Macon AB, that operates within the refractory segment, is currently involved in an arbitration dispute in Wien. The dispute relates to a project delivered by Macon AB to a customer in Russia in 2016. The customer has not paid an amount of approximately SEK 25 million for the project to Macon AB. Macon AB and the Company is of the opinion that Macon AB has a claim against the Russian customer for the outstanding amount, and on this basis no provision has been made for loss of claim in connection with this matter. In the opponent party's defence reply, it has presented a counterclaim against Macon AB for damages due to production loss and daily fines of approximately SEK 40 million. In the opinion of Borgestad, there is no basis for the counterclaim and Macon AB has consequently

in Borgestad's opinion the right to claim the total outstanding amount of SEK 25 million. The date of arbitration was originally set to 20 April 2020 to 24 April 2020, but due to the Covid-19 pandemic the arbitration has been postponed to 2022.

In July 2018, three Danish companies initiated legal proceedings against Borgestad, Borgestad Properties AS and Agora Bytom Sp. z.o.o before Oslo District Court. They allege to have a claim against the defendants for additional project management fee related to the construction of the shopping centre in Agora Bytom. In July 2019, the Court of Appeal dismissed the case on procedural grounds with regard to one of the Danish companies (lack of legal interest) and Agora Bytom (legal venue/arbitration clause). This decision is final. The proceedings before Oslo District Court took place in January 2021. In February 2021, Oslo District Court acquitted Borgestad and Borgestad Properties AS. The Danish companies have appealed the judgment. The date of the appeal hearing in the Court of Appeal was initially set to 8 March to 10 March 2022. However, the appeal hearing has been postponed and the new date for the hearing has not been determined. The maximum liability for the Borgestad companies in this matter is approximately PLN 4 million, with the addition of interest and legal costs. Borgestad and Borgestad Properties AS are of the opinion that the appeal should be dismissed. In line with Oslo District Court's conclusion, they are not parties to the project management services agreement and are of the opinion that they are not liable for the payment of the project management fee. There are also secondary arguments to the effect that the claims for project management fee are time barred. The Group has not made any provision in its accounts related to this claim.

From time to time, the Group is involved in litigation, disputes and other legal proceedings arising in the normal course of its business. However, except from the above described disputes, neither the Company nor any other company in the Group has been involved in any legal, governmental or arbitration proceeding during the course of the preceding twelve months, which may have, or have had in the recent past, significant effects on the Company or Borgestad's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

## 5.6 Material contracts

In March 2021 Höganäs Borgestad entered into a strategic agreement for the resale of refractory products with Refratechnik, a significant supplier of refractory products. The agreement with Refratechnik means that Höganäs Borgestad from 1 April 2021 buys refractory products from Refratechnik for resale. As a result of the agreement with Refratechnik, Höganäs Borgestad is expected to be able to offer its customers reduced lead times, increased flexibility and a larger product range. Höganäs Borgestad started the process of closing down the production line for standard production of refractory products in Bjuv from and including September 2021. Höganäs Borgestad will continue to produce refractory masses and special products.

In August 2021, the Company's wholly owned subsidiary Borgestad Næringspark AS (now Borgestad Eiendom AS) entered into an agreement with Ender Invest AS to sell the two properties together constituting Borgestad Næringspark in Skien, Norway, for a total purchase price of NOK 80 million. The agreement was completed in October 2021. Part of the purchase price has been used to repay outstanding debt, and the book profit of the sale is NOK 37.4 million.

Other than the (i) agreement entered into with Refratechnik for the resale of refractory products and (ii) the agreement with Ender Invest AS for the sale of Borgestad Næringspark, both described above, no company in the Group has entered into any material contracts outside the ordinary course of business of the Group for the two last years immediately preceding the date of this Prospectus, and no member of the Group has entered into any contracts outside the ordinary course of business of the Group containing obligations or entitlements that are, or may be, material to the Group as of the date of this Prospectus.

Below is an overview of the main categories of contracts entered into by the Group in the ordinary course of business:

**Contracts in the refractory segment:** The refractory business segment of the Group operates under three different categories of contracts, relating to installation activity and material deliveries. Within installation activities the Group distinguishes between maintenance contracts and project delivery contracts. The majority of the contracts are project delivery contracts.

- *Maintenance contracts* typically have a term of one to eight years, where the Group's installation companies have the responsibility for the maintenance work of any defined installation in the period defined in the contract. The work is normally frequent in the period. A maintenance contract can include only service or both service and material delivery. The maintenance contracts are priced with a specific rate per hours used for regular work, with additions if unexpected work is required.
- *Project delivery contracts* relates to new-build or large scale ad-hoc maintenance, and are contracts concerning specific work within a short time period which is handed over at project end. The contracts are priced based on hours used for the total project or an accord fee. The project delivery contracts are often limited to a specific period of time, and often contain a clause setting forth the agreed number of days for installation of the project. If the installation is finished before the agreed final date/time, the relevant Group company may be entitled to a bonus payment. If the installation is not finished by the agreed date/time, the relevant Group company may be required to pay a fee. An installation contract often specify the material to be used, the quality of the material (monolithic or brick) and, when installing monolithic, also the thickness of the installation.
- *Material delivery contracts* are normal contracts for delivery of material to customers' asset department or to specific projects. Material delivery can also include supervision of installation of material in projects. Material delivery contracts typically include a specific number of bricks or tonnage of monolithics that shall be produced and delivered to a specific date, at a price that is agreed in the contract. If the Group does not deliver within the agreed time or delivers with production failures in the bricks/monolithics, fees may accrue.

Annual agreements are financially handled on a monthly basis, while project contracts are handled over the project period. Financial cut-off of costs and turnover are handled by delivery terms.

Within the refractory segment, there are no contracts or customers that exceed 10% of the annual turnover of the segment, and the customers are spread through out various types of customers and regions.

**Contracts in the commercial real property segment:** Within the property management and development segment of the Group, there are two main categories of contracts: (i) fixed rent lease agreements and (ii) revenue based lease agreements. The vast majority of the contracts are lease agreements with a fixed term.

## 5.7 Regulatory environment

There has been no material change in the Company's regulatory environment since 31 December 2020 and until the date of this Prospectus.

## 5.8 Investments

The Company has not since 31 December 2021 made any material investments which are in progress and/or for which firm commitments already have been made.

## 5.9 Trend information

The Group is not aware of any recent trends in production, sales and inventory, and costs and selling prices that are significant to the Group in the period between 31 December 2021 and to the date of this Prospectus.

Furthermore, the Group is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group for the current financial year.

The fourth quarter of 2021 was positive for Agora Bytom both with respect to rental income and EBITDA. Further, in 2022, the shopping center has not been (partly) locked down nor is a lock down expected as per the date of this Prospectus.

As for the refractory industry, the development in 2022 has been positive.

### 5.10 Significant changes

The following significant changes in the financial position or the financial performance of the Group have occurred in the period between 31 December 2021 and to the date of this Prospectus: (i) the share capital decrease of NOK 114,523,488, from NOK 127,248,320 to NOK 12,724,832, by reducing the nominal value of the Company's shares with NOK 9.00, from NOK 10.00 to NOK 1.00, with transfer of the funds to other reserves (i.e. no distribution to shareholders) as resolved by the general meeting of the Company on 10 December 2021 and effective as of 26 January 2022 (the "**Share Capital Decrease**"), (ii) the Private Placement, (iii) the Bond Conversion, (iv) the Bond Amendments (as defined and further described below) and (v) the increased uncertainty with respect to the Group's investment in ERH (as further described above in section 5.4.3.1 "ERH AS (2.98%)") due to the Russian attack on Ukraine.

Pursuant to a written resolution made on 7 March 2022, the holders of the Bond Loan resolved to adopt the following amendments to the terms of the Bond Loan (jointly the "**Bond Amendments**", which will be implemented in connection with and subject to the completion of the Private Placement:

- The maturity date of the Bond Loan is extended by 12 months to 8 January 2024;
- The call option structure is changed to reflect that the bonds shall be callable (in whole or in parts) at a price equal to 102% of the nominal amount to but not including 8 September 2023, and from 8 September 2023 to 8 January 2024 at a price equal to 100% of the nominal amount of the redeemed bonds;
- The interest rate of the Bond Loan is changed by allowing for a reduction of the applicable margin depending on the net amount of equity raised by the Company in the Private Placement, the Subsequent Offering and the Bond Conversion, with a maximum reduction (from the current 8.00 per cent. p.a.) of 3.00 percentage points;
- The nominal amount of the Bonds is changed by splitting each Bond such that the nominal amount of each Bond is NOK 1.00;
- The Company shall not have the right to sell its Bonds; and
- A waiver of any event of default and/or any right to require redemption of the Bonds resulting from a breach of the Book Equity Covenant described in 12.1.2 below in the period up to 31 March 2022.

### 5.11 Related party transactions

The Company has not entered into any related party transactions in the period between 31 December 2021 and the date of this Prospectus.

### 5.12 Regulatory disclosures

The table below set outs a short summary of the information the Company has disclosed under Regulation (EU) No 596/2014, which is relevant as at the date of the Prospectus, in the 12 months' period prior to the date of this Prospectus.

Date disclosed	Category	Summary of the information given
25 March 2021	Inside information	The Company announced that its subsidiary Høganäs Borgestad Oy had entered into a contract for delivery of refractory products and services in connection with the building of a cellulose factory with two production lines in a country in South America. In total, the contract amounts to approximately NOK 43 million.
28 April 2021	Financial information	The Company published the annual report for 2020.
20 May 2021	Financial information	The Company published its Q1 2021 and noted the following highlights: <ul style="list-style-type: none"> <li>• Borgestad had entered into a strategic cooperation with Refratechnik GmbH, a substantial deliverer of refractory quality products. The Group estimates increased EBITDA at NOK 25 million per year from 2022 and considerably reduced compulsory savings;</li> <li>• EBITDA for the Group includes an appropriation in the amount of NOK 5.9 million in connection with phasing</li> </ul>

Date disclosed	Category	Summary of the information given
		<p>out of stone production;</p> <ul style="list-style-type: none"> <li>Höganäs Borgestad AB had entered into a contract for delivery of refractory services and product to a cellulose factory in South America with delivery in 2022; and</li> <li>Höganäs Borgestad had refinanced its loan facility with Nordea.</li> </ul>
1 June 2021	Inside information	<p>Reference was made to the stock exchange announcement on 23 November 2020, where the Company announced the successful placement of a senior secured bond in the amount of NOK 300,000,000 with 2.1 years maturity.</p> <p>The Company announced that a prospectus prepared in connection with the offering of the bond on the Oslo Stock Exchange, had been approved by the Norwegian FSA on 1 June 2021.</p>
20 August 2021	Financial information	<p>The Company published its Q2 2021 and noted the following highlights:</p> <ul style="list-style-type: none"> <li>Operating revenue and EBITDA improved compared to Q2 2020;</li> <li>All tenants at the shopping center Agora Bytom reopened in May as a result of relief in infection control measures;</li> <li>Turnover among the tenants at Agora Bytom increased by 26.8% in Q2 2021 compared to Q2 2020; and</li> <li>Phasing out of the stone production in Höganäs Borgestad went as planned, with last ordinary production day being 30 September.</li> </ul>
20 August 2021	Additional regulated information required to be disclosed under the laws of a member state	<p>The Company announced that Christen Knudsen had informed the Company he is resigning from the Company with effect from 20 August 2021. The Board of Directors had chosen Jacob Møller as new chairperson with effect from Christen Knudsen's resignation.</p>
27 August 2021	Inside information	<p>The Company announced that its wholly owned subsidiary Borgestad Næringspark AS (now Borgestad Eiendom AS) had entered into an agreement with Ender Invest AS regarding sale of the two properties that together constitute Borgestad business park in Skien, Norway.</p>
20 October 2021	Additional regulated information required to be disclosed under the laws of a member state	<p>The Company announced that the sale of the two properties constituting Borgestad business park in Skien, Norway, was closed on 20 October 2021.</p>
29 October 2021	Financial information	<p>The Company published its Q3 2021 and noted the following highlights:</p> <ul style="list-style-type: none"> <li>Operating revenue and EBITDA was improved compared to Q3 2020</li> <li>The activity had been good for the refractory segment and the turnover increased by 12%</li> <li>The properties in Borgestad Næringspark was sold for NOK 80 million. Estimated profits from the sale is NOK 37.4 million</li> <li>Sinsay, a fashion chain focusing on young adults, has increased its rental area in Agora Bytom by approximately 600 square meters</li> <li>By the end of the third quarter, 93.4% of Agora Bytom's rental area is leased.</li> </ul>
26 January 2021	Additional regulated information required to be disclosed under the laws of a member state	<p>The Company announced the completion of the share capital decrease of NOK 114,523,488, from NOK 127,248,320 to NOK 12,724,832, by reducing the nominal value of the Company's shares from with NOK 9.00, from NOK 10.00 to NOK 1.00, with transfer of the funds to other reserves (i.e. no distribution to shareholders) as resolved by the general meeting of the Company</p>

Date disclosed	Category	Summary of the information given
18 February 2022	Financial information	<p>on 10 December 2021 and effective as of 26 January 2022.</p> <p>The Company published its Q4 2021 and noted the following highlights:</p> <ul style="list-style-type: none"> <li>• Ordinary result before tax for fourth quarter was positive with MNOK 22.4</li> <li>• Revenues from Agora Bytom increased with 50.5% and number of visitors increased with 35.5% in fourth quarter 2021 compared with fourth quarter in 2020.</li> <li>• By the end of the year, 94.8% of Agora Bytom's rental area was leased.</li> <li>• Höganäs Borgestad ceased its refractory production during fourth quarter and reduced its inventory with MNOK 22.7 in the quarter.</li> </ul>
28 February 2022	Inside information	<p>The Company announced the launch of the Private Placement and the Bond Conversion.</p> <p>With respect to the Private Placement, the Company noted <i>inter alia</i> the following:</p> <ul style="list-style-type: none"> <li>• 75,000,000 new shares would be offered with total gross proceeds of NOK 150,000,000.</li> <li>• The subscription price was NOK 2.00.</li> <li>• The application period was from 16:30 hours (CET) on 28 February 2022 to 16:30 hours (CET) on 1 March 2022.</li> <li>• The pre-emption rights of the existing shareholders of the Company would be deviated from. The Company had considered the Private Placement in light of applicable equal treatment rules, and concluded that the Private Placement complied with such rules.</li> <li>• Subject to the successful placing of the Private Placement, the Board of Directors would propose that the Company's extraordinary general meeting resolved a subsequent offering of new shares in the Company.</li> </ul> <p>With respect to the Bond Conversion, the Company noted <i>inter alia</i> the following:</p> <ul style="list-style-type: none"> <li>• Existing bondholders would be offered to convert a bond holding for a nominal amount of up to NOK 50,000,000 to shares in the Company.</li> <li>• The subscription price was NOK 1.9231 per share.</li> </ul>
1 March 2022	Inside information	<p>The Company announced the successful placing of the Private Placement and the Bond Conversion. With respect to the Private Placement, the Company had received NOK 150,000,000 in gross proceeds and 75,000,000 new shares were to be issued at a subscription price of NOK 2.00. With respect to the Bond Conversion, the Company had received acceptances to convert bonds including interest in the amount of NOK 48,700,000, corresponding to 25,364,326 new shares in the Company with a subscription price of NOK 1.9231.</p>
7 March 2022	Inside information	<p>The Company announced that the holders of the Bond Loan had resolved to approve the Bond Amendments with the required majority.</p>
23 March 2022	Additional regulated information required to be disclosed under the laws of a member state	<p>The Company announced that an extraordinary general meeting of the Company approved the Private Placement, the Bond Conversion and the Subsequent Offering.</p>

## 6 DIVIDENDS AND DIVIDEND POLICY

### 6.1 Dividend policy

The Company's goal is to maximize the shareholders' values over time. The Company wishes to distribute a steady and preferential increasing dividend. In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act (see Section 6.2 "Legal constraints on the distribution of dividends"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its credit agreements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility. The Company's general meeting of shareholders (the "**General Meeting**") approves the annual dividend, based on the Board of Director's recommendation. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

For the accounting years 2018, 2019 and 2020, no dividend was paid.

### 6.2 Legal constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Public Limited Companies Act, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).
- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorise the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.
- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Norwegian Public Limited Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the General Meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian public limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises (Nw.: *Foretaksregisteret*) (the "**NRBE**"). The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 11 "Norwegian Taxation".

### **6.3 Manner of dividend payments**

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through the VPS. Shareholders registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

## 7 CAPITALISATION AND INDEBTEDNESS

The information presented below should be read together with the Financial Information.

### 7.1 Introduction

This Section provides information about the Group's unaudited capitalisation and net financial indebtedness on an actual basis as at 31 December 2021 and, in the "As adjusted" column, the Group's unaudited capitalisation and net financial indebtedness on an adjusted basis to give effect to the material post-balance sheet events and effects of the Private Placement (see Section 12.1 "The Private Placement" for more information) and the Bond Conversion (see Section 12.2 "The Bond Conversion"). Other than this, there has been no material change to the Group's capitalisation and net financial indebtedness since 31 December 2021. It is noted that the completion of (i) the Private Placement is subject to the registration of the share capital increase pertaining to the Private Placement Shares with the NRBE which is expected to take place on or about 25 March 2022 and (ii) the Bond Conversion is subject to the completion of the Private Placement and the registration of the share capital increase pertaining to the Conversion Shares with the NRBE which is expected to take place on or about 28 March 2022.

### 7.2 Capitalisation

<i>In NOK thousand</i>	<b>As of 31 December 2021 (unaudited)</b>	<b>Adjustment for the Private Placement (unaudited)</b>	<b>Adjustment for the Bond Conversion (unaudited)</b>	<b>As adjusted (unaudited)</b>
<b>Indebtedness</b>				
<i>Total current debt:</i>				
Guaranteed and secured .....	-	-	-	-
Guaranteed but unsecured .....	-	-	-	-
Secured but unguaranteed <sup>1, 2</sup> .....	115,704 <sup>5</sup>	-	-	115,704
Unguaranteed and unsecured .....	202,191 <sup>6</sup>	-	-	202,191
<b>Total current debt .....</b>	<b>317,895</b>	<b>-</b>	<b>-</b>	<b>317,895</b>
<i>Total non-current debt:</i>				
Guaranteed and secured <sup>3</sup> .....	49,944	-	-	49,944
Guaranteed but unsecured .....	-	-	-	-
Secured but unguaranteed <sup>1, 2, 4</sup> .....	633,383	-120,000	-47,800	465,583
Unguaranteed and unsecured .....	151,049	-	-	151,049
<b>Total non-current debt .....</b>	<b>834,376</b>	<b>-120,000</b>	<b>-47,800</b>	<b>666,576</b>
<b>Total indebtedness .....</b>	<b>1,152,271</b>	<b>-120,000</b>	<b>-47,800</b>	<b>984,471</b>
<b>Shareholders' equity</b>				
Share capital .....	12,725	75,000	25,364	113,089
Other contributed capital .....	223,454	66,500	20,314	310,268
Accumulated other comprehensive income (loss) .....	104,699	-	0	104,699
Retained earnings (deficit) .....	-45,694	-	0	-45,694
Minority interest .....	60,251	-	0	60,251
<b>Total shareholders' equity .....</b>	<b>355,435</b>	<b>141,500<sup>7</sup></b>	<b>45,678</b>	<b>542,613</b>
<b>Total capitalisation .....</b>	<b>1,507,706</b>	<b>21,500</b>	<b>-2,122</b>	<b>1,527,084</b>

1 The mortgage in Agora Bytom Sp. z o.o. is secured with the real estate property and the shares of Agora Bytom Sp. z.o.o.

2 The mortgage and check credit issued by Nordea to the refractory segment is secured by shares in Höganäs Borgestad AB, Höganäs Bjuf Fastighets AB, Höganäs Borgestad AS, Höganäs Borgestad Oy, Höganäs Borgestad Energi & Ugnsteknik AB and Macon AB, and is also secured by receivables, the production property and machinery.

- 3 The Company has guaranteed EUR 5 million against Bank Pekao S.A.
- 4 The Bond Loan (BOR04) issued by the Company is secured by, inter alia, a pledge over the shares in (i) Borgestad Properties AS, (ii) Borgestad Industries AS and (iii) Borgestad Eiendom AS, and a registered mortgage over the real estate owned by Borgestad Eiendom AS, in the maximum secured amount of NOK 21,5 million.
- 5 TNOK 115,704 is the sum of overdraft and short-term part of mortgage loans as per 31 December 2021.
- 6 TNOK 202,191 is the remaining short-term debt.
- 7 The increase in shareholders' equity following the Private Placement of TNOK 141,500 is the net proceeds from the Private Placement (MNOK 150 in gross proceeds less costs, fees and expenses related to the Private Placement).

### 7.3 Indebtedness

<i>In NOK thousand</i>	<b>As of 31 December 2021</b> <i>(unaudited)</i>	<b>Adjustment for the Private Placement</b> <i>(unaudited)</i>	<b>Adjustment for the Bond Conversion</b> <i>(unaudited)</i>	<b>As adjusted 31 December 2021</b> <i>(unaudited)</i>
(A) Cash.....	59,302	21,500	3,100	77,702
(B) Cash equivalents.....	-	-	-	-
(C) Other current financial assets .....	158,564	-	-	158,564
<b>(D) Liquidity (A)+(B)+(C).....</b>	<b>217,866</b>	<b>21,500</b>	<b>3,100</b>	<b>236,266</b>
(E) Current financial debt <sup>1</sup> .....	89,839	-	-	89,839
(F) Current portion of non-current financial debt.....	105,079	-	-	105,079
<b>(G) Current financial indebtedness (E + F)</b>	<b>194,918</b>	<b>-</b>	<b>-</b>	<b>194,918</b>
<b>(H) Net current financial indebtedness (G)-(D).....</b>	<b>-22,948</b>	<b>21,500</b>	<b>3,100</b>	<b>41,348</b>
(I) Non-current financial debt <sup>2</sup> .....	418,442	-	-	418,442
(J) Debt instruments.....	264,885	120,000	47,800	97,085
(K) Other non-current trade and other payable	81,134	-	-	81,134
<b>(L) Non-current financial indebtedness (I)+(J)+(K).....</b>	<b>764,461</b>	<b>120,000</b>	<b>47,800</b>	<b>596,661</b>
<b>(M) Total financial indebtedness (H)+(L) .....</b>	<b>741,513</b>	<b>141,500</b>	<b>44,700</b>	<b>555,313</b>

1 Including debt instruments, but excluding current portion of non-current financial debt.

2 Excluding current portion and debt instruments

### 7.4 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Prospectus.

### 7.5 Contingent and indirect indebtedness

As of 31 December 2021 and as of the date of the Prospectus, the Group did not have any contingent or indirect indebtedness.

For the sake of completeness, it is noted that the Group has an ongoing court case against a Russian customer, in which the opponent party has raised a counterclaim for damages due to production loss and daily fines of approximately SEK 40 million. However, in the opinion of Borgestad, there is no basis for the counterclaim. Reference is made to Section 5.5 "Legal proceedings" for further description of the ongoing court case.

## 8 MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT

### 8.1 Introduction

The General Meeting is the highest authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Company is vested in the Company's Board of Directors and the Company's management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's chief executive officer, is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the Company's CEO must according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

### 8.2 Board of Directors

#### 8.2.1 The Board of Directors

The names and positions and current term of office of the Board Members, as at the date of this Prospectus, are presented in the table below. The Company's registered business address, Gunnar Knudsens veg 144, 3712 Skien, Norway, serves as c/o address for the members of the Board of Directors in relation to their directorship in the Company.

Name	Position	Served since	Term expires	Shares <sup>1</sup>
Jacob Møller.....	Chairperson	2021 <sup>2</sup>	2023	734,967
Gudmund Bratrud.....	Board member	1997 <sup>3</sup>	2022	2,153,850 <sup>3</sup>
Anita Ballestad.....	Board member	2019	2023	0 <sup>4</sup>
Anne Sofie Tønseth Markman.....	Board member	2020	2022	1,500 <sup>5</sup>

1 The overview of the Board Members' shareholding is stated prior to the issue of the Private Placement Shares and the Conversion Shares.

2 Møller has served as a Board Member since 2009. Møller's Shares are held indirectly through Dione AS (684,128 Shares) and Plot Invest AS (50,839 Shares). Dione AS has been conditionally allocated 3,000,000 Private Placement Shares and 2,122,538 Conversion Shares, while Plot Invest AS has been conditionally allocated 588,804 Private Placement Shares.

3 270,183 of Bratrud's Shares are held by him personally, while the remaining Shares are held indirectly through Regent AS (666,170 Shares), Myra Matsenter AS (258,000 Shares), Analyseinvest AS (262,000 Shares), Suveren AS (481,794 Shares) and Substantia AS (215,703 Shares). Gudmund Bratrud has been conditionally allocated 1,500,000 Private Placement Shares, while Regent AS has been conditionally allocated 2,500,000 Private Placement Shares, Myra Matsenter AS has been conditionally allocated 500,000 Private Placement Shares, Analyseinvest AS has been conditionally allocated 500,000 Private Placement Shares, Suveren AS has been conditionally allocated 2,000,000 Private Placement Shares and Substantia AS has been conditionally allocated 500,000 Private Placement Shares.

4 Anita Ballestad has been conditionally allocated 196,268 Private Placement Shares.

5 Markman's Shares are held indirectly through Nilsholmen Investering AS (1,500 Shares). Anne Sofie Tønseth Markman has been conditionally allocated 196,268 Private Placement Shares.

#### 8.2.2 Brief biographies of the Board Members

Set out below are brief biographies of the Board Members, including their relevant management expertise and experience and an indication of any significant principal activities performed by them outside the Group and names of companies and partnerships of which a Board Member is or has been a member of the administrative, management or supervisory bodies or partner outside the Group the previous five years.

**Jacob A. Møller, Chairperson**

Møller has been a member of the Board of Directors since 2009 and was elected as chairperson in 2021. Møller currently runs his own consulting company and is an advisor to several listed companies. He has a background as a lawyer in the Norwegian law firm Advokatfirmaet BA-HR AS and Head of M&A in Schibsted ASA. Møller has a masters' degree in law from the University of Oslo, as well as a Master in Law from the University of Cambridge, UK. He is a Norwegian citizen, currently residing in Norway.

*Current directorships and senior management positions outside the Group .....* Drangedalsveien 102 AS (Chairperson), Konciv AS (Chairperson), Dokkvegen 20 AS (board member), Dione AS (Chairperson), Frydentopp AS (Chairperson), Ploot Invest AS (Chairperson), Eljach Invest AS (Chairperson), Dione Eiendom AS (Chairperson), Porter AS (Chairperson), Lendo Part of Schibsted AS (board member) and Cubic-Norge AS (deputy chairperson).

*Previous directorships and senior management positions last five years outside the Group.....* N/A

**Gudmund Bratrud, Board Member**

Bratrud was first elected as member of the Board of Directors in 1997, and has thus been a director of the Company for more than 20 consecutive years. In addition to his directorship in the Company, Bratrud is engaged as board member in several other real estate and investment companies. In addition to his directorship in the Company and other corporations, he is also involved in investment activities. Bratrud has an MSc in Business and Economics from the Norwegian School of Economics (NHH). He is also a State Authorized Public Accountant. Bratrud is a Norwegian citizen, currently residing in Norway.

*Current directorships and senior management positions outside the Group .....* Nesodden Gjestehus AS (Chairperson), Suveren AS (Chairperson), Regent AS (Chairperson), Analyseinvest AS (Chairperson), Myra Matsenter AS (Chairperson) and Substantia AS (Chairperson).

*Previous directorships and senior management positions last five years outside the Group.....* N/A

**Anita Ballestad, Board Member**

Anita Ballestad was elected to the Board of Directors in 2019. Ballestad has a wide practice from private and public companies, and has since 2003 worked with real estate. She is currently property manager in Skien municipality. She is a Norwegian citizen, currently residing in Norway.

*Current directorships and senior management positions outside the Group .....* Skien Tomteselskap AS (Chairperson).

*Previous directorships and senior management positions last five years outside the Group.....* Skien Lufthavn AS (board member).

**Anne Sofie Tønseth Markman, Board Member**

Markman has been a Board Member since 2020. She holds a masters' degree from the Norwegian University of Science and Technology (NTNU) and has also completed business administration studies at BI Norwegian Business School. Markman has had a long and comprehensive career in the oil sector and primarily been employed at Equinor. She is currently involved in investment business and directorship related work. She is a Norwegian citizen, currently residing in Norway.

*Current directorships and senior management positions outside the Group .....* Nilsholmen Investering AS (Chairperson) and Baneveien Eiendom AS (Chairperson)

*Previous directorships and senior management positions last five years outside the Group.....* N/A

### 8.3 Management

#### 8.3.1 Overview

The Group's Management is responsible for the daily management and the operations of the Group. As at the date of this Prospectus, the Group's Management consists of the following individuals:

<b>Name</b>	<b>Current position within the Company</b>	<b>Employed with the Company since</b>	<b>Shares<sup>1</sup></b>
Pål Feen Larsen	Chief Executive Officer / Chief Financial Officer	2013	90,801 <sup>2</sup>
Niclas Sjöberg	Refractory Industry Manager / CEO of Höganäs Borgestad	2016 <sup>3</sup>	-

1 The overview of the Managements' shareholding is stated prior to the issue of the Private Placement Shares and the Conversion Shares.

2 Pål Feen Larsen has been conditionally allocated 588,804 Private Placement Shares.

3 Employed with the Group since 2011.

The table above also presents the number of shares held by the members of Management as at the date of this Prospectus (including shares held through private investment companies).

The business address of the Company's management team is c/o Borgestad ASA, Gunnar Knudsens veg 144, 3712 Skien, Norway.

#### 8.3.2 Brief biographies of the members of Management

Set out below are brief biographies of the members of Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Group and names of companies and partnerships of which a member of Management is or has been a member of the administrative, management or supervisory bodies or partner outside the Group the previous five years.

##### **Pål Feen Larsen, Chief Executive Officer / Chief Financial Officer**

Feen Larsen has been with the Company since 2013, when he was appointed for the position as Group Accountant Manager. On 4 June 2019 he was appointed CEO of the Group while continuing his position as Chief Financial Officer ("**CFO**"), a position he has held since August 2015. Prior to his employment with the Company, Feen Larsen worked in KPMG Audit. Through his employment with KPMG Audit, he has gained auditing and advisory experience, including as auditor and advisor for several listed and international companies. Feen Larsen has an MSc in Accounting and Auditing from the Norwegian Business School (*Nw.: Handelshøyskolen BI*), and is a State Authorized Public Accountant. Feen Larsen is a Norwegian citizen, currently residing in Norway.

*Current directorships and senior management positions outside the Group .....* N/A

*Previous directorships and senior management positions last five years outside the Group .....* N/A

##### **Niclas Sjöberg, Refractory Industry Manager**

Sjöberg has been the CEO of Höganäs Borgestad and the Refractory Industry Manager since September 2016. Through his career, he has gained extensive and valuable experience in the refractory business. He is the founder and CEO of the company Macon AB, which delivers refractory materials, constructions and related services to its customers. Macon AB has been a part of the Group since 2011. Sjöberg is a Swedish citizen, currently residing in Sweden.

*Current directorships and senior management positions outside the Group .....* N/A

*Previous directorships and senior management positions last five years outside the Group .....* N/A

#### 8.4 Lock-up

There are no general restrictions concerning the members of the Board of Directors and Management's right to dispose of their respective Shares. However, the Shares set out in the table below as held by Pål F. Larsen and Jacob A. Møller, through Ploot Invest AS, are restricted from being sold for a period of three years from the date they were allocated. The sale restriction was agreed with the Board of Directors prior to the issuance of the Shares and were a pre-condition for the issuance of the Shares and will not be waived by the Board of Directors prior to its expiry date.

Shareholder	Number of shares subject to lock-up	Expiry of lock-up period
Pål F. Larsen	67,786 Shares	27 November 2022
Jacob A. Møller (through Ploot Invest AS)	50,839 Shares	27 November 2022

#### 8.5 Conflicts of interests etc.

No Board Member or member of the Management has, or had, as applicable, during the last five years preceding the date of the Prospectus:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

To the Company's knowledge there are no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Board Member or member of Management was selected as a member of the Board of Directors or Management nor other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and the members of the Management, including any family relationships between such persons.

## 9 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association, included in [Appendix A](#) to this Prospectus, and applicable law.

### 9.1 Company corporate information

The legal name of the Company is Borgestad ASA, and the commercial name is Borgestad. The Company is a public limited liability company (*Nw.: allmennaksjeselskap*) validly incorporated and existing under the laws of Norway and in accordance with the Norwegian Public Limited Companies Act.

The Company's registered office and domicile is in the municipality of Skien, Norway. The Company was incorporated in Norway on 11 July 1904 and listed on Oslo Børs on 2 January 1920. The Company's organization number in the NRBE is 920 639 674. The Company's legal entity identifier (LEI) is 5967007LIEEXZXG3AG53. The Shares are registered in book-entry form with the VPS under ISIN NO 0003111700. The Company's register of shareholders in the VPS is administrated by Nordea Bank Abp, filial i Norge, Essendropsgate 8, N-0368 Oslo, Norway, P.O. Box 1166 Sentrum, N-0107 Oslo, Norway, telephone number +47 23 20 60 02 (the "**VPS Registrar**"). The Company's registered office is at Gunnar Knudsens veg 144, 3712 Skien, Norway. Telephone: +47 35 54 24 00 and its website address is [www.borgestad.no](http://www.borgestad.no). The content of [www.borgestad.no](http://www.borgestad.no) is not incorporated by reference into and does not otherwise form part of this Prospectus.

### 9.2 Legal structure

The Group has the following legal structure as of the date of the Prospectus:

Company name	Domicile	Activity	Ownership interest	Shareholder
Borgestad Properties AS .....	Norway	Holding company	100%	Borgestad ASA
Borgestad Eiendom AS .....	Norway	Property company	100%	Borgestad ASA
Agora Bytom Sp. z o.o. ....	Poland	Property company	100%	Borgestad Properties AS
GZMO Sp. z o.o. ....	Poland	Property company	100%	Borgestad Properties AS
Idea Property & Asset Management Sp. z o.o. ....	Poland	Property management	100%	Borgestad Properties AS
Facility Service Sp. z o.o.....	Poland	Property management	100%	Borgestad Properties AS
Borgestad Industries AS .....	Norway	Holding company	100%	Borgestad ASA
Borgestad Industries AB .....	Sweden	Holding company	100%	Borgestad Industries AS
Höganäs Borgestad AS .....	Norway	Installation and delivery of refractory products	64.2%	Höganäs Borgestad Holding AB
Hbe 1 AS .....	Norway	Property company	100%	Höganäs Borgestad AS
Lensegata 8-10 AS.....	Norway	Property company	100%	Höganäs Borgestad AS
Höganäs Borgestad AB .....	Sweden	Delivery of refractory products	64.2%	Höganäs Borgestad Holding AB
Macon AB.....	Sweden	Installation operations	64.2%	Höganäs Borgestad Holding AB
Höganäs Bjuf Fastighets AB.....	Sweden	Property company	64.2%	Höganäs Borgestad Holding AB
Höganäs Borgestad Energi & Ugnsteknik AB .....	Sweden	Installation operations	64.2%	Höganäs Borgestad Holding AB
Höganäs Borgestad Oy .....	Finland	Installation operations	64.2%	Höganäs Borgestad Holding AB
Höganäs Borgestad Holding AB .....	Sweden	Holding company	64.2%	Borgestad Industries AB (61.8%) and Borgestad ASA (2.4%)
Höganäs Bjuf Germany GmbH .....	Germany	Delivery of refractory products	64.2%	Höganäs Borgestad AB

<b>Company name</b>	<b>Domicile</b>	<b>Activity</b>	<b>Ownership interest</b>	<b>Shareholder</b>
Höganäs Bjuf Italia Srl .....	Italy	Delivery of refractory products	64.2%	Höganäs Borgestad AB
Höganäs Contracting Asia Pacific Sdn Bhd.....	Malaysia	Delivery of refractory products	64.2%	Höganäs Borgestad AB
Höganäs Bjuf Asia Pacific Sdn Bhd.	Malaysia	Delivery of refractory products	64.2%	Höganäs Borgestad AB
Höganäs Bjuf Eastern Europe Sp.z o.o. ....	Poland	Delivery of refractory products	64.2%	Höganäs Borgestad AB

### 9.3 Listing on the Oslo Stock Exchange

The Shares are, and the New Shares will be, admitted to trading on the Oslo Stock Exchange. The Company currently expects commencement of trading in the Private Placement Shares and the Conversion Shares on the Oslo Stock Exchange on or about 25 March 2022 and 28 March 2022, respectively, and the Offer Shares on or about 21 April 2022. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

### 9.4 Major shareholders

There are no differences in voting rights between the shareholders.

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. Pursuant to the Company's shareholders list as registered in the VPS as of 15 March 2022 (and prior to the issue of the Private Placement Shares and the Conversion Shares), no shareholders other than Mentone AS (2,302,283 Shares, approx. 18.09%), Gudmund Bratrud (2,153,850 Shares, approx. 16.93%) directly (270,183 Shares) and indirectly through Regent AS (666,170 Shares), Suveren AS (481,794 Shares), Analyseinvest AS (262,000 Shares), Myra Matsenter AS (258,000 Shares) and Substantia AS (215,703 Shares), Skåla Bær AS (1,020,000 Shares, approx. 8.06%), Bertel O. Steen (933,761 Shares, approx. 7.34%) (directly (3,133 Shares) and indirectly through Ses AS (453,849 Shares) and Bemacs AS (476,779 Shares)), Intertrade Shipping AS (800,000 Shares, approx. 6.29%) and Jacob Møller (734,967 Shares, approx. 5.78%), indirectly through Dione AS (684,128 Shares, and Ploot Invest AS (50,839 Shares) held more than 5% of the Shares to the Company's knowledge.

The Company is not aware of any persons or entities that, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company. The Shares have not been subject to any public takeover bids during the current or last financial year.

### 9.5 Board authorisation

#### 9.5.1 Authorisation to increase the share capital and issue Shares

At the annual General Meeting in 2021, the Board of Directors was granted an authorisation to increase the Company's share capital with up to NOK 60,000,000 in connection with development of the Group's focus areas and in connection with mergers and acquisitions. The authorisation is valid until the earliest of the annual General Meeting in 2022 and 30 June 2022.

The Board of Directors has been authorised to deviate from the shareholders' pre-emptive right to the new Shares in accordance with section 10-4 of the Norwegian Public Limited Companies Act. Furthermore, the authorisation to increase the share capital include share capital increases against contribution in kind and the right to incur specific obligations on behalf of the Company, cf. section 10-2 of the Norwegian Public Limited Companies Act, and share capital increases in connection with mergers pursuant to section 13-5 of the Norwegian Public Limited Companies Act.

#### 9.5.2 *Authorisation to acquire treasury shares*

At the annual General Meeting in 2021, the Board of Directors was granted an authorisation to purchase treasury shares for a nominal amount of NOK 12,724,832, representing 10% of the Company's share capital at the time. The highest amount that can be paid per share under the authorisation is NOK 100 and the lowest amount that can be paid per share is NOK 1.00. The authorisation is valid until the earliest of the annual General Meeting in 2022 and 30 June 2022.

### 9.6 **Other financial instruments**

Neither the Company nor any of its subsidiaries have issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

### 9.7 **Shareholder rights**

The Company has only one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide/will provide equal rights in the Company, including the rights to any dividend. Each of the Shares carries one vote. The shares are freely transferable.

### 9.8 **The Articles of Association**

The Company's Articles of Association as at 10 December 2021 are appended to this Prospectus in [Appendix A](#). Below is a summary of provisions of the Articles of Association.

#### 9.8.1 *Objective of the Company*

Pursuant to section 3, the objective of the Company is to operate a shipping company and business within industry, real estate, trade and related activities, including participation in other companies and administrative services.

#### 9.8.2 *Registered office*

Pursuant to section 2, the Company's registered office is in the municipality of Skien, Norway.

#### 9.8.3 *Share capital and nominal value*

Pursuant to section 4, the Company's registered share capital is NOK 12,724,832, divided into 12,724,832 Shares, each with a nominal value of NOK 1.00.

#### 9.8.4 *General meetings*

Pursuant to section 6, documents concerning matters to be considered by the Company's general meeting, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be considered by the general meeting are sent to him/her.

The annual general meeting shall consider the following matters:

- Approval of the annual accounts and the annual report, including distributions of dividend;
- Election of board members and deputy board members, and accountant (in case of vacancy);
- Determination of remuneration to the members of the board, as well as deputy board members and approval of auditor's remuneration; and
- Other items mentioned in the notice.

Shareholders wishing to participate at the general meeting have to notify the Company two working days prior to the general meeting.

#### 9.8.5 *Nomination Committee*

Pursuant to section 8, the Company shall have a nomination committee.

#### 9.8.6 *Board of Directors*

Pursuant to section 5, the Company's Board of Directors shall consist of a minimum of 3 and a maximum of 6 members, according to the shareholders' decision at the general meeting of the Company.

### **9.9 Certain aspects of Norwegian corporate law**

#### 9.9.1 *General meetings*

Through the general meeting of shareholders, shareholders exercise supreme authority in a Norwegian public limited liability company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual general meetings, which sets forth the date and time of, the venue for and the agenda of the general meeting, is sent to all shareholders with a known address no later than 21 days before the date of the annual general meeting of a Norwegian public limited liability company listed on a stock exchange or a regulated market shall be held, unless the articles of association stipulate a longer deadline. The latter is currently not the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at its own discretion. Pursuant to the Norwegian Securities Trading Act, a proxy voting form shall be appended to the notice of the general meeting of shareholders in a Norwegian public limited liability company listed on a stock exchange or a regulated market unless such form has been made available to the shareholders on the company's website and the notice calling the meeting includes all information the shareholders need to access the proxy voting forms, including the relevant internet address.

Under Norwegian law a shareholder may only exercise rights that pertain to shareholders, including participation in general meetings of shareholders, when it has been registered as a shareholder in the register of shareholders maintained with the VPS. Unless the articles of association explicitly states that the right to attend and vote at a general meeting of shareholders may only be exercised by a shareholder if it has been entered into the register of shareholders five working days prior to the general meeting, all shareholders who are registered as such on the date of the general meeting have the right to attend and exercise its voting rights at that meeting.

Apart from the annual general meeting of shareholders, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to participate in the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of shareholders of a Norwegian public limited liability company may with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a 14 days' notice period until the next annual general meeting provided that the company has procedures in place allowing shareholders to vote electronically. This has currently not been resolved by the Company's General Meeting.

#### 9.9.2 *Voting rights – amendments to the articles of association*

Each of the Company's Shares carries one vote. In general, decisions that shareholders of a Norwegian public limited liability company are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the company, to approve a merger or demerger of the company, to amend the articles of association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the company or to authorise the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the articles of association.

Only a shareholder registered as such in the VPS is entitled to vote for shares of a Norwegian public limited liability company listed on a stock exchange or regulated market. Beneficial owners of the shares who are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such shares as a nominee. A nominee may not meet or vote for shares registered on a nominee account ("**NOM-account**"). A shareholder holding shares through a NOM-account must, in order to be eligible to register, meet and vote for such shares at the general meeting, transfer the shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest five working days prior to the date of the relevant general meeting.

There are no quorum requirements that apply to the general meeting of a Norwegian public limited liability company.

#### 9.9.3 *Additional issuances, preferential rights and dilution*

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the company's shareholders have a preferential right to subscribe for new shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares. Existing shareholders who do not participate in an issuance of new Shares, including bonus shares, will be diluted.

The general meeting may, by the same vote as is required for amending the articles of association, authorise the board of directors to issue new shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorisation is registered with the NRBE.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the shareholders, by transfer from the Company's distributable equity and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be carried out either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company has not filed a registration statement under the U.S. Securities Act in connection with the Listing or sought approvals under the laws of any other jurisdiction outside Norway in respect of any pre-emptive rights or the Shares, does not intend to do so and doing so in the future may be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares nor receive nor trade such subscription rights, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company may be reduced.

#### 9.9.4 *Minority rights*

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders which has been made at the General Meeting declared invalid on the grounds that it unreasonably

favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary a dissolution of the Company.

Non-controlling shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary General Meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any General Meeting as long as the Company is notified within seven days before the deadline for convening the General Meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the relevant general meeting has not expired.

#### *9.9.5 Rights of redemption and repurchase of Shares*

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting cannot be granted for a period exceeding two years.

#### *9.9.6 Shareholder vote on certain reorganisations*

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

#### *9.9.7 Liability of members of the Board of Directors*

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board Members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the General Meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by the General Meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's Board Members from liability or not to pursue claims against the Company's Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

#### *9.9.8 Civil proceedings against the Company in jurisdictions other than Norway*

Investors shall note that they may be unable to recover losses in civil proceedings in jurisdictions other than Norway. The Company is a public limited liability company organised under the laws of Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce

against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

*9.9.9 Indemnification of Board Members*

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

*9.9.10 Distribution of assets on liquidation*

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at a General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

**9.10 Shareholders' agreements**

To the knowledge of the Company, there are not shareholders' agreements related to the Shares.

## 10 SECURITIES TRADING IN NORWAY

*Set out below is a summary of certain aspects of securities trading in Norway and the possible implications of owning tradable securities on the Oslo Stock Exchange. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.*

### 10.1 Introduction

The Oslo Stock Exchange was established in 1819 and offers the only regulated market for securities trading in Norway. Oslo Børs ASA is 100% owned by Euronext Nordics Holding AS, a holding company established by Euronext N.V following its acquisition of Oslo Børs VPS Holding ASA in June 2019. Euronext is a pan-European stock exchange with its registered office in Amsterdam and corporate headquarters at La Défense in Greater Paris. Euronext owns seven regulated markets across Europe, being Amsterdam, Brussels, Dublin, Lisbon, London, Oslo and Paris.

### 10.2 Market value of the Shares

The market value of all shares listed on the Oslo Stock Exchange, including the Shares, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value of listed shares could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, future issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the shares. Any issuer, including the Company, may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on the Oslo Stock Exchange will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect the share price.

### 10.3 Trading and settlement

Trading of equities on the Oslo Stock Exchange is carried out in Euronext's electronic trading system Optiq®. This trading system is in use by all markets operated by Euronext.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours (CET/CEST) and 16:20 hours (CET/CEST) each trading day, with pre-trade period between 07:15 hours (CET/CEST) and 09:00 hours (CET/CEST), a closing auction from 16:20 hours (CET/CEST) to 16:25 hours (CET/CEST) and a trading at last period from 16:25 hours (CET/CEST) to 16:30 hours (CET/CEST). Reporting of Off-Book On Exchange trades can be done from 07:15 hours (CET/CEST) to 18:00 hours (CET/CEST).

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

The Oslo Stock Exchange offers an interoperability model for clearing and counterparty services for equity trading through LCH Limited, EuroCCP and Six X-Clear.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

#### **10.4 Information, control and surveillance**

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company. Inside information means precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

#### **10.5 The VPS and transfer of shares**

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly-owned by Euronext Nordics Holding AS.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

### **10.6 Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Beneficial owners of the shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the VPS prior to any general meeting. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners. See Section 9.9 – "Certain aspects of Norwegian corporate law" under the subheading "Voting rights – amendments to the articles of association" for more information on nominee accounts.

### **10.7 Foreign investment in shares listed in Norway**

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

Foreign investors should note that the rights of holders of shares listed on the Oslo Stock Exchange and issued by Norwegian incorporated companies are governed by Norwegian law and by the respective company's articles of association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a company in respect of wrongful acts committed against such company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions. See Section 9.9 – "Certain aspects of Norwegian corporate law" for more information on certain aspects of Norwegian law.

### **10.8 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

### **10.9 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange or other acquisitions or disposals of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and as implemented in Norway in accordance with Section 3-1 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value or price either depends on or has an effect on the price or value of such financial instruments or incitement to such dispositions.

### **10.10 Mandatory offer requirement**

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third (or more than 40% or 50%) of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's

own shareholding, represent more than one-third (or more than 40% or 50% as applicable) of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

#### **10.11 Compulsory acquisition**

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price

would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

#### **10.12 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

## 11 NORWEGIAN TAXATION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from shares in the Company.

### 11.1 Norwegian taxation

#### 11.1.1 Taxation of dividends

##### Norwegian Personal Shareholders

Dividends distributed by the Company to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders currently at an effective tax rate of 35.2% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.6 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 35.2%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (*Nw.: statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("**excess allowance**") may be carried forward and set off against future dividends received on, or gains upon realisation, of the same share. Any excess allowance on a share may also be added to the cost price of such share for the purposes of calculating the tax free allowance as described above.

Norwegian Personal Shareholders may hold the shares through a Norwegian share saving account (*Nw.: aksjesparekonto*). Dividends received on shares held through a share saving account will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the paid in deposit, will be regarded as taxable income, regardless of whether the funds are derived from gains or dividends related to the shares held in the account. Such income will be taxed with an effective tax rate of 35.2%, cf. above. Norwegian Personal Shareholders will still be entitled to a calculated tax-free allowance. Reference is made to Section 11.1.2 "Taxation of capital gains on realisation of shares – Norwegian Personal Shareholders" for further information in respect of Norwegian share saving accounts.

##### Norwegian Corporate Shareholders

Dividends distributed by the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of currently 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of currently 22%). For

Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax (banks, holding companies), the effective rate of taxation for dividends is 0.75%.

### **Non-Norwegian Personal Shareholders**

Dividends distributed by the Company to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, reference is made to Section 11.1.1 "Taxation of dividends – *Norwegian Personal Shareholders*" above. However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation of the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

All Non-Norwegian Personal Shareholders must document their entitlement to a reduced withholding tax rate by obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state. The documentation must be provided to either the nominee or the account operator (VPS) and cannot be older than three years.

Non-Norwegian Personal Shareholders should consult their own advisors regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

Non-Norwegian Personal Shareholders resident in the EEA for tax purposes may hold their shares through a Norwegian share saving account. Dividends received on and gains derived upon the realisation of shares held through a share saving account by a Non-Norwegian Personal Shareholder resident in the EEA will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the Non-Norwegian Personal Shareholder's paid in deposit, will be subject to withholding tax at a rate of 25% (unless reduced pursuant to an applicable tax treaty). Capital gains realised upon realisation of shares held through the share saving account will be regarded as paid in deposits, which may be withdrawn without taxation. Losses will correspondingly be deducted from the paid in deposit, reducing the amount which can be withdrawn without withholding tax.

The obligation to deduct and report withholding tax on shares held through a saving account, cf. above, lies with the account operator.

### **Non-Norwegian Corporate Shareholders**

Dividends distributed by the Company to shareholders who are limited liability companies (and certain other entities) domiciled outside of Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders domiciled within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Non-Norwegian Corporate Shareholders who have suffered withholding tax although qualifying for the Norwegian participation exemption.

All Non-Norwegian Corporate Shareholders must document their entitlement to a reduced withholding tax rate by either (i) presenting an approved withholding tax refund application or (ii) present an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate. In addition, a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, must be obtained. Such documentation must be provided to either the nominee or the account operator (VPS) and cannot be older than three years.

In order for a Non-Norwegian Corporate Shareholder resident in the EEA to be exempt from withholding tax pursuant to the Norwegian participation exemption, the company must provide all documentation mentioned above, as well as a declaration stating that the circumstances entitling the company to the exemption have not changed since the documentation was issued.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Corporate Shareholders should consult their own advisors regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

#### *11.1.2 Taxation of capital gains on realisation of shares*

##### **Norwegian Personal Shareholders**

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 35.2%; i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.6 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 35.2%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Reference is made to Section 11.1.1 "Norwegian taxation

Taxation of dividends – *Norwegian Personal Shareholders*" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled. Unused allowance may not be set off against gains from realisation of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

Gains derived upon the realisation of shares held through a share saving account will be exempt from immediate Norwegian taxation and losses will not be tax deductible. Instead, withdrawal of funds from the share saving account exceeding the Norwegian Personal Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 35.2%. Norwegian Personal Shareholders will be entitled to a calculated tax-free allowance provided that such allowance has not already been used to reduce taxable dividend income, reference is made to Section 11.1.1 "Taxation of dividends – Norwegian Personal Shareholders" above. The tax-free allowance is calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account or future dividends received on shares held through the account.

Norwegian Personal Shareholders holding shares through more than one share saving account may transfer their shares or securities between the share saving accounts without incurring Norwegian taxation.

### **Norwegian Corporate Shareholders**

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption, including shares in the Company. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

### **Non-Norwegian Personal Shareholders**

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway. Reference is made to Section 11.1.1 "Norwegian taxation

Taxation of dividends – *Non-Norwegian Personal Shareholders*" above for a description of the availability of a Norwegian share saving accounts.

### **Non-Norwegian Corporate Shareholders**

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway unless the shareholding is effectively connected with business activities carried out in or managed from Norway.

#### *11.1.3 Taxation of Subscription Rights*

### **Norwegian Personal Shareholders**

A Norwegian Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares, including the purchase price for any purchased subscription rights, will be added to the cost price of the shares.

Subscription rights acquired as a consequence of ownership of shares held on a share savings account may be held on the share savings account, reference is made to Section 11.1.2 "Taxation of capital gains on realisation of shares" above, but will not be covered by the tax exemption.

### **Norwegian Corporate shareholders**

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares including the purchase price for any purchased subscription rights.

### **Non-Norwegian Shareholders**

A Non-Norwegian (Personal or Corporate) Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

*11.1.4 Net wealth tax*

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.95% of the value assessed up to NOK 20,000,000 and 1.1% of the value assessed in excess of NOK 20,000,000. The value for assessment purposes for listed shares is equal to 75% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 75%).

Non-Norwegian (Personal and Corporate) Shareholders are generally not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

*11.1.5 VAT and transfer taxes*

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares and subscription rights.

*11.1.6 Inheritance tax*

A transfer of shares or subscription rights through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

## **12 THE PRIVATE PLACEMENT AND THE BOND CONVERSION; THE TERMS OF THE SUBSEQUENT OFFERING**

### **12.1 The Private Placement**

#### *12.1.1 Overview*

On 1 March 2022, the Company announced the placement of the Private Placement, comprising a total of 75,000,000 new shares in the Company, each with a nominal value of NOK 1.00, at a subscription price of NOK 2.00 per new Private Placement Share, resulting in gross proceeds to the Company of NOK 150 million.

The subscription price in the Private Placement was NOK 2.00 per Private Placement Share.

The minimum subscription and allocation amount in the Private Placement was set to the NOK equivalent of EUR 100,000, provided, however, that the Company reserved the right to allocate an amount below EUR 100,000 to the extent applicable exemptions from the prospectus requirement pursuant to the Norwegian Securities Trading Act and ancillary regulations, or similar legislation in other jurisdictions, were available.

Because of the possible material adverse consequences for the Group of a potential breach of the Book Equity Covenant in the Bond Loan, as further described in Section 12.1.2 "Reasons for the Private Placement and use of proceeds" below, the Board of Directors considered it necessary to strengthen the equity through an equity issue prior to 31 March 2022 (which is the next measurement date for the Book Equity Covenant). Furthermore, it was deemed desirable to complete the Bond Amendments and the Bond Redemption as soon as possible in order to further strengthen the Company's liquidity and financial position. On this basis, the Board of Directors resolved to complete the equity issue as a private placement. With the structure of a private placement, the Company could complete the equity issue prior to 31 March 2022, which would not be possible through a rights issue. As a consequence of the private placement structure, the shareholders' preferential right to subscribe for new Shares was deviated from by the Board of Directors.

The Private Placement Shares were placed by the Manager to selected investors in the application period for the Private Placement which lasted from 16:30 CET on 28 February 2022 to 16:30 hours (CET) on 1 March 2022. The successful placing of the Private Placement was announced through an announcement made by the Company on 1 March 2022.

The completion of the Private Placement was conditional upon the approval of the Private Placement and the Subsequent Offering by the Company's extraordinary general meeting, the registration of the share capital increase pertaining to the Private Placement Shares with the NRBE and the approval of the Bond Amendments by the bondholders under the Bond Issue with the required majority (as described in Section 5.10 "Significant changes").

On 23 March 2022, an extraordinary general meeting of the Company (the "**EGM**") resolved to increase the share capital of the Company in order to issue the Private Placement Shares. The share capital increase pertaining to the Private Placement Shares is expected to be registered with the NRBE on 25 March 2022 following pre-funding by the Manager of the subscription amount for the Private Placement Shares. The Bond Amendments were approved by the bondholders under the Bond Issue with the required majority on 7 March 2022. Upon registration of the share capital increase pertaining to the Private Placement Shares with the NRBE, all conditions for completion of the Private Placement will be fulfilled. The Private Placement Shares will be delivered to the investors on a delivery-versus-payment (DvP) basis on or about 29 March 2022 and are expected to start trading on the Oslo Stock Exchange on or about 25 March 2022.

The Private Placement was fully underwritten by certain existing shareholders and certain new investors pursuant to an underwriting agreement dated 28 February 2022 (the "**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, the underwriters were entitled to a underwriting fee of 2.00% of their respective underwritten amount.

#### *12.1.2 Reasons for the Private Placement and use of proceeds*

The net proceeds from the Private Placement will be used (i) for general corporate purposes in the amount of NOK 30 million and (ii) to repay debt under the Bond Issue through a partial redemption of the Bonds at 102% of the nominal value (the "**Bond Redemption**") with the remaining amount.

The bond terms for the Bond Loan contains a covenant pursuant to which the Group at all times shall have a book equity exceeding NOK 350 million (the Book Equity Covenant). As a consequence of earlier write-downs, uncertainty related to the Group's investments in ERH and other adverse effects of the Covid-19 pandemic, the book equity of the Group as at 31 December 2021, as set out in the Interim Financial Statements, was NOK 355.4 million, which was close to the minimum level of the Book Equity Covenant. As the Company still is negatively affected by Covid-19 and because the valuation of the Company's shares in ERH is uncertain, there was a risk that the Company would be in breach of the Book Equity Covenant as of 31 March 2022 and in subsequent quarters. As a breach of the Book Equity Covenant could have a material adverse effect on the Group's operations, financing terms, other financing, headroom, cash flow and prospects, and influence the value of the Group's assets negatively, it was deemed important to strengthen the Company's book equity through the Private Placement in order to ensure that the Company does not breach the Book Equity Covenant as of 31 March 2022 and in the subsequent quarters.

In addition, it was desirable for the Company to be able to implement the Bond Amendments as described in Section 5.10 "Significant changes" and the Bond Redemption as soon as possible in order to further strengthen the Company's liquidity and financial position. In order to do so, it was a requirement from certain large bond holders under the Bond Loan that the Company was able to secure new equity.

#### 12.1.3 Resolutions to issue the Private Placement Shares

On 23 March 2022, the EGM passed the following resolution to increase the Company's share capital by NOK 75,000,000 by issuance of the Private Placement Shares (translated from Norwegian):

- (i) *The share capital is increased with NOK 75,000,000, by issuance of 75,000,000 new shares, each with a nominal value of NOK 1 (the "**Private Placement**").*
- (ii) *The subscription price is NOK 2 per share. The contribution shall be paid in cash.*
- (iii) *The new shares shall be subscribed for by Arctic Securities AS for resale of shares to the investors who have been allocated shares in the Private Placement announced 28 February 2022.*
- (iv) *The shareholders' preferential right to subscribe for the new shares is deviated from, cf. section 10-5, cf. section 10-4 of the Norwegian Public Limited Liability Companies Act.*
- (v) *The shares shall be subscribed for on a separate subscription form no later than on 25 March 2022.*
- (vi) *Payment of the share contribution shall be made to the Company's share payment account no later than on 25 March 2022.*
- (vii) *The new shares give right to dividends and other shareholder rights in the Company from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises.*
- (viii) *The completion of the Private Placement is conditional upon the general meeting resolving the subsequent offering in accordance with item 7 on the agenda.*
- (ix) *Section 4 of the Company's articles of association is amended to reflect the share capital following the share capital increase.*
- (x) *The Company has entered into an underwriting agreement for the Private Placement dated 28 February 2022, whereby shares not subscribed by and allocated to other subscribers in the Private Placement at the end of the subscription period for the Private Placement, should be distributed between the underwriters indicated in Appendix 1 in accordance with their underwriting commitment. The underwriters' commitment under the underwriting agreement is pro rata based on their respective underwritten amount.*
- (xi) *The Company's costs related to the share capital increase are estimated to amount to approximately NOK 8,500,000, including an underwriting fee of NOK 3,000,000 for the underwriting commitment.*

#### 12.1.4 *Delivery and listing of the Private Placement Shares*

The Private Placement Shares are, subject to timely payment of the application amount by the relevant investor, expected to be delivered to the investors in the Private Placement on 29 March 2022.

The application amount for the Private Placement Shares were settled by the Manager pursuant to a pre-funding agreement entered into between the Manager and the Company on 23 March 2022, in order to ensure swift registration of the share capital increase pertaining to the Private Placement Shares with the NRBE.

The share capital increase pertaining to the Private Placement Shares is expected to be registered with the NRBE on or about 25 March 2022.

The Private Placement Shares are expected to be registered in the VPS immediately following the registration in the NRBE on the same ISIN as the Shares listed on the Oslo Stock Exchange (ISIN NO 0003111700) and will become listed and tradable on the Oslo Stock Exchange as at that time.

#### 12.1.5 *The rights conferred by the Private Placement Shares*

The Private Placement Shares will be ordinary Shares in the Company, each having a par value of NOK 1.00, and will be registered in book-entry form in the VPS. The Private Placement Shares will carry full shareholder rights, in all respects equal to the Company's existing Shares, from the time of registration with the NRBE. The Private Placement Shares have not been listed and are not tradable on the Oslo Stock Exchange on the date of this Prospectus.

#### 12.1.6 *Share capital following the issuance of the Private Placement Shares*

Upon registration of the share capital increase pertaining to the Private Placement Shares with the NRBE, the number of issued and outstanding Shares in the Company will be increased by 75,000,000 Shares from 12,724,832 Shares to 87,724,832 Shares, each with a par value of NOK 1.00, and the Company's share capital will be increased by NOK 75,000,000 from NOK 12,724,832 to NOK 87,724,832.

#### 12.1.7 *Net proceeds and expenses related to the Private Placement*

The gross proceeds to the Company from the Private Placement is NOK 150 million. The Company's costs, fees and expenses related to the Private Placement amounted to approximately NOK 8.5 million, of which NOK 3 million were an underwriting commission to the Underwriters for the underwriting commitment.

Hence, the Company's total net proceeds from the Private Placement was approximately NOK 141.5 million. See Section 12.1.2 "Reasons for the Private Placement and use of proceeds" for a description of the use of such proceeds.

No expenses or taxes were charged by the Company or the Manager to the subscribers in the Private Placement.

## **12.2 The Bond Conversion**

### *12.2.1 Overview*

On 28 February 2022, the Board of Directors resolved to offer the bondholders of the Bond Loan as of 1 March 2022 to redeem their bonds for a total aggregate amount of NOK 50 million plus accrued interest to and including 1 March 2022, in exchange for new Shares (the Conversion Shares) in the Bond Conversion. The Bond Conversion was offered at par value and at a subscription price of NOK 1.9231 per Conversion Share.

Upon the expiry of the acceptance period for the Bond Conversion on 1 March 2022 at 16:30 hours (CET), the Company had received acceptance from bondholders constituting a total aggregate amount of approximately NOK 48.7 million, constituting 25,364,326 Conversion Shares. All applicants received full allocation in the Bond Conversion.

### *12.2.2 Resolution to issue the Conversion Shares*

On 23 March 2022, the EGM passed the following resolution to increase the Company's share capital by NOK 25,364,326 by issuance of the Conversion Shares (translated from Norwegian):

- (i) *The share capital is increased with NOK 25,364,326 by issuance of 25,364,326 shares, each with a nominal value of NOK 1.*

- (ii) *The subscription price is NOK 1.9231 per share.*
- (iii) *The share contribution shall be settled by way of set-off against the bonds owned by the bondholders in the Company's bond loan BOR04, as indicated in [Appendix 2](#), to the bond's nominal value of NOK 100,000 plus accrued interest to and including 1 March 2022, cf. section 10-2 (1) no. 1 of the Norwegian Public Limited Liability Companies Act. The set-off shall be deemed declared and completed by subscription of the share capital increase.*
- (iv) *The new shares shall be subscribed by Arctic Securities AS, company registration number 991 125 175, Haakon VIIs gate 5, 0161 Oslo, on behalf of, and in accordance with proxies granted by, the bondholders in the Company's bond loan BOR04, as indicated in [Appendix 2](#).*
- (v) *The new shares shall be subscribed for in separate subscription forms no later than on 30 March 2022.*
- (vi) *The contribution in kind is further described in the auditor's statement prepared in accordance with the Norwegian Public Limited Liability Companies Act section 10-2, cf. section 2-6, attached as [Appendix 3](#).*
- (vii) *The new shares give right to dividends and other shareholder rights in the Company from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises.*
- (viii) *The completion of the share capital increase is conditional upon the general meeting resolving the private placement in accordance with item 5 of the agenda, and that the private placement is completed.*
- (ix) *Section 4 of the Company's articles of association is amended to reflect the share capital following the share capital increase.*
- (x) *Five underwriters have underwritten the conversion of an amount of NOK 35,300,000, divided between the underwriters as indicated in [Appendix 1](#), against an underwriting commission as indicated below. The underwriters' commitment are pro rata based on their respective underwritten amount.*
- (xi) *The Company's costs related to the share capital increase are estimated to amount to approximately NOK 3,100,000, including an underwriting fee of NOK 706,000 for the underwriting commitment.*

#### 12.2.3 *Delivery and listing of the Conversion Shares*

The Shares allocated in the Bond Conversion are expected to be delivered to applicants on or about 28 March 2022 following the registration of the share capital increase pertaining to the Conversion Shares with the NRBE, which is expected to take place on or about 28 March 2022.

The Conversion Shares are expected to be registered in the VPS immediately following the registration in the NRBE on the same ISIN as the Shares listed on the Oslo Stock Exchange (ISIN NO 0003111700) and will become listed and tradable on the Oslo Stock Exchange as at that time.

#### 12.2.4 *The rights conferred by the Conversion Shares*

The Conversion Shares will be ordinary Shares in the Company, each having a par value of NOK 1.00, and will be registered in book-entry form with the VPS. The Conversion Shares will carry full shareholder rights, in all respects equal to the Company's existing Shares, from the time of registration with the NRBE. The Conversion Shares have not been listed and are not tradable on the Oslo Stock Exchange on the date of this Prospectus.

#### 12.2.5 *Share capital following the issuance of the Conversion Shares*

Upon registration of the share capital increase pertaining to the Conversion Shares with the NRBE and after the registration of the share capital increase pertaining to the Private Placement Shares has been registered with the NRBE, the number of issued and outstanding Shares in the Company will be increased by 25,364,326 Shares from 87,724,832 Shares to 113,089,158 Shares, each with a par value of NOK 1.00 and the Company's share capital will be increased by NOK 25,364,326 from NOK 87,724,832 to NOK 113,089,158.

## 12.3 The Subsequent Offering

### 12.3.1 Overview

The Subsequent Offering consists of an offer by the Company to issue up to 50,000,000 Offer Shares, each with a par value of NOK 1.00, at a Subscription Price of NOK 2.00 per Offer Share, being equal to the subscription price in the Private Placement. Subject to all Offer Shares being issued, the Subsequent Offering will result in NOK 100,000,000 in gross proceeds to the Company.

The purpose of the Subsequent Offering is to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting the dilution of their shareholding. Eligible Shareholders are shareholders of the Company as of 1 March 2022 (as registered in the VPS on the Record Date) who (i) were not allocated shares in the Private Placement and (ii) are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action. The net proceeds from the Subsequent Offering will be used to repay debt under the Bond Loan through the Bond Redemption, provided however, that the outstanding amount under the Bond Loan shall not be less than NOK 100 million and, if the net proceeds are higher, for general corporate purposes.

Eligible Shareholders will be granted non-transferable Subscription Rights that, subject to applicable laws, provide the right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Over-subscription will be permitted, but subscription without Subscription Rights will not be permitted.

This Prospectus does not constitute an offer of, or an invitation to purchase, the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important Notice" and Section 13 "Selling and transfer restrictions".

### 12.3.2 Eligible Shareholders

Shareholders of the Company as of 1 March 2022, as registered in the Company's shareholder register in the VPS on 3 March 2022 (the Record Date), and who (i) were not allocated shares in the Private Placement and (ii) are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action, will be granted non-transferable Subscription Rights that, subject to applicable law, provide preferential rights to subscribe for, and be allocated, Offer Shares in the Subsequent Offering at the Subscription Price.

Provided that the delivery of traded Shares was made with ordinary T+2 settlement in the VPS, Shares that were acquired on or before 1 March 2022 will give the relevant Eligible Shareholder the right to receive Subscription Rights, whereas Shares that were acquired from and including 2 March 2022 will not give the relevant Eligible Shareholder the right to receive Subscription Rights.

### 12.3.3 Resolution relating to the Subsequent Offering and the issue of the Offer Shares

On 23 March 2022, the EGM passed the following resolution to increase the Company's share capital in connection with the Subsequent Offering (translated from Norwegian):

- (i) *The share capital is increased by minimum NOK 1 and maximum NOK 50,000,000, by issuance of minimum 1 and maximum 50,000,000 new shares (the "Offer Shares"), each with a nominal value of NOK 1 (the "Subsequent Offering").*
- (ii) *The subscription price per Offer Share is NOK 2. The subscription amount shall be paid in cash.*
- (iii) *The company's existing shareholders as of 1 March 2022 (as registered in the Norwegian Central Securities Depository (VPS) on 3 March 2022), who (a) were not allocated shares in the private placement considered in section 5 of the agenda, and (b) who are not resident in a jurisdiction where such offering would be unlawful, or (for jurisdictions other than Norway), would require any filing, registration or similar action of a registration document or prospectus (the "Eligible Shareholders") will receive non-transferable subscription rights which will give a preferential right to subscribe for and be allocated Offer Shares.*
- (iv) *The shareholders' preferential right to subscribe for the Offer Shares is deviated from, cf. section 10-5, cf. section 10-4 of the Norwegian Public Limited Liability Companies Act.*

- (v) *The Offer Shares may be subscribed for by the Eligible Shareholders. Each Eligible Shareholder will receive a number of non-transferable subscription rights based on its shareholding registered in the Company's shareholder register in the VPS as of 3 March 2022. The number of subscription rights granted to each Eligible Shareholder will be rounded down to the nearest whole subscription right. Each subscription right will, subject to applicable securities laws, give the right to subscribe for and be allocated one (1) Offer share. Over-subscription is permitted. Subscription without subscription rights is not permitted.*
- (vi) *Allocation of the new shares will be made according to the following allocation criteria:*
- (a) *Allocation of Offer Shares to subscribers will be made on the basis of granted subscription rights which have been validly exercised during the subscription period. Each subscription right will give the right to subscribe for and be allocated one (1) Offer Share.*
- (b) *If not all subscription rights are validly exercised during the subscription period, subscribers who have exercised their subscription rights and who have over-subscribed will be allocated the remaining Offer Shares on a pro rata basis based on the number of subscription rights exercised by each of them. To the extent that pro rata allocation is not possible due to the number of remaining Offer Shares, the Company will determine the allocation by drawing lots.*
- (vii) *The Company shall publish a prospectus in connection with the share capital increase, which shall be approved by the Norwegian Financial Supervisory Authority. The prospectus shall not be registered with, or approved by, any other prospectus authorities. The Offer Shares cannot be subscribed for by investors in jurisdictions besides Norway in which it will not be permitted to offer the Offer Shares to such investors without the registration and approval of a prospectus.*
- (viii) *The subscription period is from 25 March 2022 at 09:00 hours (CET), to 8 April 2022 at 16:30 hours (CEST). If the prospectus is not approved by the Norwegian Financial Supervisory Authority in time for the subscription period to commence on 25 March 2022, the subscription period shall commence on the second trading day on the Oslo Stock Exchange after such approval has been obtained, and end at 16:30 hours (CEST) on the fourteenth day thereafter. The subscription period cannot be shortened, but the Board of Directors may extend the subscription period if this is required by law as a result of the publication of a supplemental prospectus. Subscription of Offer Shares shall be made on a separate subscription form.*
- (ix) *The due date for payment of the new shares is 13 April 2022, or the third trading day on the Oslo Stock Exchange after expiry of the subscription period in accordance with item (viii) above. When subscribing for shares, subscribers residing in Norway will grant Arctic Securities AS a one-time irrevocable authorisation to debit a specified bank account with a Norwegian bank for the subscription amount corresponding to the number of shares allocated. The amount payable will be debited on or around the due date for payment. For other subscribers, payment must be made in accordance with the instructions included in the subscription form.*
- (x) *The Offer Shares give right to dividends and other shareholder rights in the Company from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises.*
- (xi) *Section 4 of the articles of association is amended to reflect the share capital following the share capital increase.*
- (xii) *The completion of the Subsequent Offering is conditional upon the general meeting resolving the private placement in accordance with item 5 of the agenda, and that the private placement is completed.*
- (xiii) *The Company's expenses related to the share capital increase are estimated to amount to approximately up to NOK 1,800,000.*

#### 12.3.4 Timetable for the Subsequent Offering

The timetable set out below provides certain indicative key dates for the Subsequent Offering:

Last day of trading in the Shares including Subscription Rights .....	1 March 2022
First day of trading in the Shares excluding Subscription Rights .....	2 March 2022
Record Date .....	3 March 2022
Subscription Period commences.....	25 March 2022
Subscription Period ends.....	8 April 2022 at 16:30 hours (CEST)

Allocation of the Offer Shares .....	Expected on or about 11 April 2022
Publication of the results of the Subsequent Offering .....	Expected on or about 11 April 2022
Distribution of allocation letters .....	Expected on or about 11 April 2022
Payment Date.....	Expected on or about 13 April 2022
Registration of the share capital increase pertaining to the Subsequent Offering	Expected on or about 21 April 2022
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange.....	Expected on or about 21 April 2022
Delivery of the Offer Shares .....	Expected on or about 22 April 2022

#### 12.3.5 Subscription Price

The Subscription Price in the Subsequent Offering is NOK 2.00 per Offer Share, being the same as the subscription price in the Private Placement. No expenses or taxes are charged to the subscribers in the Subsequent Offering by the Company or the Manager.

#### 12.3.6 Subscription Period

The Subscription Period will commence on 25 March 2022 and end on 8 April 2022 at 16:30 hours (CEST). The Subscription Period cannot be shortened, but the Board of Directors may extend the Subscription Period if this is required by law as a result of the publication of a supplemental prospectus. Subscription of Offer Shares shall be made on a separate subscription form.

#### 12.3.7 Subscription Rights

Eligible Shareholders will be granted non-transferable Subscription Rights giving a preferential right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Each Eligible Shareholder will, subject to applicable securities laws, be granted 8.72804 Subscription Rights for each Share registered as held by such Eligible Shareholder on the Record Date, rounded down to the nearest whole Subscription Right. Each whole Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering.

The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account on or about 24 March 2022 under the ISIN NO 0012472531. The Subscription Rights will be distributed free of charge to Eligible Shareholders. The Subscription Rights are non-transferable.

**The Subscription Rights must be used to subscribe for Offer Shares before the expiry of the Subscription Period on 8 April 2022 at 16:30 hours (CEST). Subscription Rights that are not exercised before 16:30 hours (CEST) on 8 April 2022 will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and the Subscription Form (as defined below) attached hereto and that the receipt of Subscription Rights does not in itself constitute a subscription of Offer Shares.**

Should any Subscription Rights have been credited to any (i) shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that prohibits or otherwise restricts subscription for Offer Shares and/or (ii) shareholders located in the United States who are not QIBs (the "**Ineligible Shareholders**"), such credit specifically does not constitute an offer to such Ineligible Shareholders.

#### 12.3.8 Subscription procedures

Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form, attached hereto as Appendix B, (the "**Subscription Form**") to the Manager during the Subscription Period, or may, for subscribers who are residents of Norway with a Norwegian personal identification number (Nw. *fødselsnummer*), be made online as further described below.

Correctly completed Subscription Forms must be received by the Manager at the following address or e-mail address, or in the case of online subscriptions be registered, no later than 16:30 hours (CEST) on 8 April 2022:

Arctic Securities AS  
Haakon VIIIs gate 5  
P.O. Box 1833 Vika  
N-0123 Oslo  
Norway  
Tel: +47 21 01 30 40  
E-mail: subscription@arctic.com

**Subscribers who are residents of Norway with a Norwegian personal identification number are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on [www.arctic.com/secno](http://www.arctic.com/secno), which will redirect the subscriber to the VPS online subscription system).** All online subscribers must verify that they are Norwegian residents by entering their Norwegian personal identification number (Nw.: *fødselsnummer*). In addition, the VPS online subscription system is only available for individual persons and is not available for legal entities and legal entities must thus submit a Subscription Form in order to subscribe for Offer Shares. Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period.

None of the Company or the Manager may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Manager. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Manager without notice to the subscriber.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Manager, or in the case of subscriptions through the VPS online subscription system, upon registration of the subscription. The subscriber is responsible for the correctness of the information filled into the Subscription Form or, in case of applications through the VPS online subscription system, the online subscription registration. By signing and submitting a Subscription Form, or by registration of a subscription in the VPS online subscription system, the subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Subsequent Offering must be made. Over-subscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) will be permitted, but subscription without Subscription Rights will not be permitted.

Multiple subscriptions (i.e., subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

All subscriptions in the Subsequent Offering will be treated in the same manner regardless of whether the subscription is made by delivery of a Subscription Form to the Manager or through the VPS online subscription system.

#### *12.3.9 Mandatory Anti-Money Laundering Procedures*

The Subsequent Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of the Manager must verify their identity to the Manager in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account in the Subscription Form are exempted, unless verification of identity is requested by the Manager. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

#### *12.3.10 Financial intermediaries*

##### **12.3.10.1 General**

All persons or entities holding Shares or Subscription Rights through financial intermediaries (e.g., brokers, custodians and nominees) should read this Section 12.3.10 "Financial intermediaries". All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares are held.

##### **12.3.10.2 Subscription Rights**

If an Eligible Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will, subject to the terms of the agreement between the Eligible Shareholder and the financial intermediaries, customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled and the relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering.

Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will not be entitled to exercise any received Subscription Rights.

##### **12.3.10.3 Subscription Period**

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. Such deadline will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

##### **12.3.10.4 Subscription**

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the Manager of their instructions.

Please refer to Section 13 "Selling and transfer restrictions" for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions outside Norway.

##### **12.3.10.5 Method of Payment**

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Manager no later than the Payment Date (as defined below). Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

#### *12.3.11 Allocation of Offer Shares*

Allocation of the Offer Shares will take place on or about 11 April 2022 in accordance with the following criteria:

- (i) Allocation will be made to subscribers in accordance with the Subscription Rights used to subscribe new Shares in the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one (1) Offer Share.
- (ii) If not all Subscription Rights are validly used during the Subscription Period, subscribers who have used their Subscription Rights and have over-subscribed will be allocated remaining new Shares on a pro rata basis based on the number of Subscription Rights exercised. In the event that pro rata allocation is not possible due to the number of remaining Offer Shares, the Company will determine the allocation by drawing lots.

No fractional Offer Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights unless subscribers are given the right to over-subscribe in accordance with the above allocation criteria.

Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated.

The result of the Subsequent Offering is expected to be published on or about 11 April 2022 in the form of a stock exchange notification from the Company through the Oslo Stock Exchange's information system. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed on or about 11 April 2022. Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from 12:00 hours (CEST) on 11 April 2022. Subscribers who do not have access to investor services through their VPS account manager may contact the Manager (Arctic on telephone number +47 21 01 30 40) from 12:00 hours (CEST) on 11 April 2022 to obtain information about the number of Offer Shares allocated to them.

#### *12.3.12 Payment for the Offer Shares*

The payment for Offer Shares allocated to a subscriber falls due on or about 13 April 2022 (the "**Payment Date**"). Payment must be made in accordance with the requirements set out in Section 12.3.12.1 "Subscribers who have a Norwegian bank account" or Section 12.3.12.2 "Subscribers who do not have a Norwegian bank account".

##### *12.3.12.1 Subscribers who have a Norwegian bank account*

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form or by the online subscription registration for subscriptions through the VPS online subscription system, provide the Manager with a one-time irrevocable authorisation to debit a specified Norwegian bank account for the amount payable for the Offer Shares which are allocated to the subscriber.

The specified bank account is expected to be debited on or after the Payment Date. The Manager is only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorises the Manager to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply, provided, however, that subscribers who subscribe for an amount exceeding NOK 5 million by signing the Subscription Form provide the Manager with a one-time irrevocable authorization to manually debit the specified bank account for the entire subscription amount.

#### 12.3.12.2 Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact the Manager on telephone number +47 21 01 30 40 for further details and instructions.

#### 12.3.13 *Overdue payments*

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum as of the date of this Prospectus. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Manager, not be delivered to the subscriber. The Manager, on behalf of the Company, reserves the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allocate or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Manager may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Manager, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

The Company and the Manager further reserve the right (but have no obligation) to have the Manager advance the subscription amount on behalf of subscribers who have not paid for the Offer Shares allocated to them within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Manager.

#### 12.3.14 *Delivery of the Offer Shares*

Subject to timely payment of the entire subscription amount in the Subsequent Offering, the Company expects that the share capital increase pertaining to the Subsequent Offering will be registered with the NRBE on or about 21 April 2022 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about 22 April 2022. The final deadline for registration of the share capital increase pertaining to the Subsequent Offering with the NRBE, and, hence, for the delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period (i.e. 8 July 2022).

#### 12.3.15 *Listing of the Offer Shares*

The Shares are listed on the Oslo Stock Exchange under ISIN NO 0003111700 and ticker code "BOR". The Offer Shares will be listed on the Oslo Stock Exchange as soon as the share capital increase pertaining to the Subsequent Offering has been registered with the NRBE and the Offer Shares have been registered in the VPS. This is expected to take place on or about 21 April 2022.

The Offer Shares may not be transferred or traded before they are fully paid and said registrations in the NRBE and the VPS have taken place.

For information regarding the listing of the Private Placement Shares on the Oslo Stock Exchange, see Section 12.1.4 "Delivery and listing of the Private Placement Shares".

#### 12.3.16 *The rights conferred by the Offer Shares*

The Offer Shares to be issued in the Subsequent Offering will be ordinary Shares in the Company with a par value of NOK 1.00 each, and will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Offer Shares will rank *pari passu* in all respects with the existing Shares in the Company and will carry full shareholder rights from the time of registration of the share capital increase pertaining to the Subsequent Offering with the NRBE. The Offer Shares will be eligible for any dividends which the Company may declare after such registration. All Shares, including the Offer Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law.

### 12.3.17 NCI code and LEI number

In order to participate in the Subsequent Offering, subscribers will need a global identification code. Physical persons will need a so-called National Client Identifier ("**NCI**") and legal entities will need a so-called Legal Entity Identifier ("**LEI**").

For physical persons with only a Norwegian citizenship, the NCI code is the 11 digit personal ID (Nw.: *fødselsnummer*). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI code can be used. Subscribers are encouraged to contact their bank for further information.

LEI is a mandatory number for all companies investing in the financial market. A LEI is a 20-character identifier that identifies distinct legal entities that engage in financial transactions. The Global Legal Identifier Foundation is not directly issuing LEIs, but instead it delegates this responsibility to Local Operating Units.

Norwegian companies can apply for a LEI number through the website <https://no.nordlei.org/>. The application can be submitted through an online form and signed electronically with BankID. It normally takes one to two working days to process the application.

Non-Norwegian companies can find a complete list of local operating units on the website <https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations>.

### 12.3.18 VPS registration

The Subscription Rights will be registered in the VPS under ISIN NO 0012472531. The Offer Shares will be registered in the VPS with the same ISIN as the existing Shares, i.e. ISIN NO 0003111700.

The Company's registrar with the VPS is Nordea Bank Abp, filial i Norge (the VPS Registrar), Essendropsgate 8, N-0368 Oslo, Norway, P.O. Box 1166 Sentrum, N-0107 Oslo, Norway, telephone number +47 23 20 60 02.

### 12.3.19 Timeliness, validity, form and eligibility of subscriptions

All questions concerning the timeliness, validity, form and eligibility of any subscription for Offer Shares will be determined by the Board of Directors, whose determination will be final and binding. The Board of Directors, or the Manager upon being authorised by the Board of Directors, may in its or their sole discretion waive any defect or irregularity in the Subscription Forms, permit such defect or irregularity to be corrected within such time as the Board of Directors or the Manager may determine, or reject the purported subscription of any Offer Shares. It cannot be expected that Subscription Forms will be deemed to have been received or accepted until all irregularities have been cured or waived within such time as the Board of Directors or the Manager shall determine. Neither the Board of Directors, the Company nor the Manager will be under any duty to give notification of any defect or irregularity in connection with the submission of a Subscription Form or assume any liability for failure to give such notification. Further, neither the Board of Directors, the Company nor the Manager are liable for any action or failure to act by a financial intermediary through whom any Eligible Shareholder holds his/her/its Shares or by the Manager in connection with any subscriptions or purported subscriptions.

### 12.3.20 Share capital following the Subsequent Offering

The final number of Offer Shares to be issued in the Subsequent Offering will depend on the number of subscriptions received in the Subsequent Offering. The maximum number of Offer Shares to be issued in the Subsequent Offering is 50,000,000 Offer Shares, each with a par value of NOK 1.00. Assuming full subscription, the Subsequent Offering will further increase the Company's registered share capital with NOK 50,000,000, divided into 50,000,000 Shares, each with a par value of NOK 1.00.

### 12.3.21 Net proceeds and expenses related to the Subsequent Offering

The Company will bear the costs, fees and expenses related to the Subsequent Offering, which are estimated to amount to approximately NOK 1.8 million assuming that all Offer Shares are issued. No expenses or taxes will be charged by the Company or the Manager to the subscribers in the Subsequent Offering. Hence, the total net proceeds from the Subsequent Offering are estimated to be approximately NOK 98.2 million, assuming that all the Offer Shares are issued. See Section 12.3.1 "Overview" for a description of the use of such proceeds.

*12.3.22 Interests of natural and legal persons involved in the Subsequent Offering*

The Manager or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company. Further, in connection with the Subsequent Offering, the Manager, its employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Further, the Manager will receive a variable fee in connection with the Subsequent Offering, and, as such, have an interest in the Subsequent Offering.

Beyond the abovementioned, the Company is not aware of any interest, including conflicting ones, of natural and legal persons involved in the Subsequent Offering.

*12.3.23 Participation of major existing shareholders and members of the Company's Management, supervisory and administrative bodies in the Subsequent Offering*

The Company is not aware of whether any major shareholders of the Company or members of management, supervisory or administrative bodies intend to subscribe for Offer Shares in the Subsequent Offering, or whether any person intends to subscribe for more than 5% of the Subsequent Offering. It is however noted that the Company's largest shareholder, Mentone AS, is an Eligible Shareholder who will receive 20,094,411 Subscription Rights in the Subsequent Offering.

*12.3.24 Publication of information relating to the Subsequent Offering*

The Company will use the Oslo Stock Exchange's information system to publish information relating to the Subsequent Offering.

*12.3.25 Advisors in the Subsequent Offering*

In the Subsequent Offering, Arctic (Haakon VIIs gate 5, N-0161 Oslo, Norway) will act as manager and Advokatfirmaet Thommessen AS (Ruseløkkveien 38, N-0251 Oslo, Norway) will act as Norwegian legal advisor to the Company.

**12.4 Dilution**

The following table shows a comparison of participation in the Company's share capital and voting rights for existing shareholders before and after the issuance of the New Shares, with the assumption that existing shareholders do not subscribe for the New Shares and assuming that all the Offer Shares are issued:

	<b>Prior to the issuance of the New Shares</b>	<b>Subsequent to the issuance of the New Shares</b>
Number of Shares each with a par value of NOK 1.00 .....	12,724,832	163,089,158
% dilution .....		92.2%

The Company's total assets (non-current assets and current assets taken together) and liabilities (non-current liabilities and current liabilities taken together) as at 31 December 2021 and as set out in the Company's Interim Financial Statements were NOK 1,457,761,000 and NOK 1,102,327,000, respectively, which translates to approximately NOK 27.93 in net asset value per Share at that date. The Subscription Price is NOK 2.00.

**12.5 Product Governance**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (MiFID II); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the MiFID II Product

Governance Requirements), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the Target Market Assessment).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manager will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

#### **12.6 Governing law and jurisdiction**

This Prospectus and the terms and conditions of the Subsequent Offering and the Subscription Form shall be governed by, and construed in accordance with, Norwegian law, and the Offer Shares will be issued pursuant to, the Norwegian Public Limited Companies Act. Any dispute arising out of, or in connection with, this Prospectus and the Subsequent Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo district court as legal venue.

## **13 SELLING AND TRANSFER RESTRICTIONS**

### **13.1 General**

The grant of Subscription Rights and issue of Offer Shares upon exercise of Subscription Rights to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Investors should consult with their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to exercise Subscription Rights or purchase Offer Shares.

The Subscription Rights and Offer Shares being granted and offered, respectively, in the Subsequent Offering have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not and will not be offered, sold, exercised, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the applicable securities laws of any state or jurisdiction of the United States. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any territory other than Norway, such investor may not treat this Prospectus as constituting an invitation or offer to it, or a grant of, nor should the investor in any event deal in Offer Shares, unless, in the relevant jurisdiction, such an invitation, offer or grant could lawfully be made to that investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer the Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the investor forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the investor should direct the recipient's attention to the contents of this Section 13 "Selling and transfer restrictions".

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted and offered, respectively, in the Subsequent Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, any jurisdiction in which it would not be permissible to grant the Subscription Rights or offer the Offer Shares, as applicable; (ii) this Prospectus may not be sent to any person in any jurisdiction in which it would not be permissible to offer the Offer Shares; and (iii) the crediting of Subscription Rights to an account of a holder or other person who is a resident of any jurisdiction in which it would not be permissible to offer the Offer Shares does not constitute an offer to such persons of the Offer Shares. Holders of Subscription Rights who are resident in any jurisdiction in which it would not be permissible to offer the Offer Shares may not exercise Subscription Rights.

If an investor exercises Subscription Rights to subscribe for Offer Shares, unless the Company in its sole discretion determines otherwise on a case-by-case basis, that investor will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- (a) the investor is not located or residing in a jurisdiction in which it would not be permissible to offer the Offer Shares;
- (b) the investor is not a person to which the Subsequent Offering cannot be unlawfully made;
- (c) the investor is not acting, and has not acted, for the account or benefit of a person to which the Subsequent Offering cannot be unlawfully made;
- (d) the investor is either a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act (a "QIB"), or acquiring the Offer Shares in an "offshore transaction" outside the United States within the meaning of, and pursuant to, Regulation S;
- (e) the investor understands that the Subscription Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, granted, delivered,

allocated, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act;

- (f) the investor acknowledges that the Company is not taking any action to permit a public offering of the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway; and
- (g) the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company, the Manager and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, agreements and representations, and agree that, if any of the acknowledgements, agreements or representations deemed to have been made by its purchase of Offer Shares is no longer accurate, it will promptly notify the Company and the Manager. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees and trustees) is located outside Norway and wishes to exercise or otherwise deal in or subscribe for Offer Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section 13 "Selling and transfer restrictions" is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights and subscribe for the Offer Shares, such investor should consult its professional advisor without delay.

The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in a jurisdiction in which the Subsequent Offering cannot be lawfully made, or who is unable to represent or warrant that such person is not located or residing in such jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

Neither the Company nor the Manager, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisors before subscribing for Offer Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Offer Shares in certain jurisdictions is set out below.

### **13.2 United States**

The Subscription Rights and/or Offer Shares, as applicable, have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred in or into the United States except pursuant to an

exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. The Offer Shares are being offered (i) within the United States only to QIBs, as defined in Rule 144A of the U.S. Securities Act, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act, in each case, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Prospective purchasers of the Offer Shares are hereby notified that sellers of the Offer Shares may be relying on the exemption from registration provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Except as set out below under "Sales within the United States" (i) neither this Prospectus nor the crediting of Subscription Rights to a stock account constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Offer Shares in the United States, and this Prospectus will not be sent to any Existing Shareholder with a registered address in the United States and (ii) exercising Subscription Rights or renunciations thereof sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring Offer Shares and wishing to hold such Offer Shares in registered form must provide an address for registration of the Offer Shares, issued upon exercise thereof outside the United States.

Until the expiration of 40 days as from the later of (a) the commencement of the Subsequent Offering, and (b) the commencement of any offering by underwriters of new shares underlying unexercised preferential subscription rights, an offer, sale or transfer of the Offer Shares or preferential subscription rights within the United States by a dealer (whether or not participating in the Subsequent Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

In making an investment decision with respect to the Offer Shares, investors must rely on their own examination of the Company and the terms of the Subsequent Offering, including the merits and risks involved. The Subscription Rights and the Offer Shares have not been recommended, approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Subscription Rights and the Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

#### **Sales within the United States**

Notwithstanding the foregoing, the Offer Shares may be offered to and the Subscription Rights may be exercised by or on behalf of, persons in the United States reasonably believed to be QIBs, in offerings exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, provided such persons satisfy the Company that they are eligible to participate on such basis. Persons in the United States exercising Subscription Rights to acquire Offer Shares will be required to execute an investor letter in a form acceptable to the Company and the Manager.

Each person exercising Subscription Rights and each purchaser of Offer Shares from the Company, within the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act, by accepting delivery of this Prospectus, will be deemed to have represented, warranted, agreed and acknowledged that:

- (a) It is (i) a QIB and (ii) exercising such Subscription Rights or acquiring such Offer Shares for its own account or for the account of a QIB as to which it has full investment discretion, in each case for investment purposes, and not with a view to any distribution (within the meaning of the U.S. federal securities laws) of the Shares.
- (b) It understands that such Offer Shares are being offered for sale in a transaction not involving any public offering in the United States and the Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or any U.S. securities laws or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred except (i)(A) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (B) in an "offshore transaction" as defined in and in accordance with Rule 903 or Rule 904 of Regulation S under

the U.S. Securities Act, (C) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), (D) pursuant to any other available exemption from registration under the U.S. Securities Act or (E) pursuant to an effective registration statement under the U.S. Securities Act, and (ii) in accordance with all applicable federal and state securities laws of the United States.

- (c) It understands that such Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, AND (B) IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.

- (d) The Company, the Manager, and any selling agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is exercising any Subscription Rights or acquiring any Offer Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (e) The Offer Shares have not been offered to it by means of any "general solicitation" or "general advertising" as such terms are used in Regulation D under the U.S. Securities Act.
- (f) The Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

No representation has been, or will be, made by the Company or the Manager as to the availability of Rule 144 under the U.S. Securities Act or any other exemption under the U.S. Securities Act or any state securities laws for the re-offer, sale, pledge or transfer of the Offer Shares for so long as the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act.

Any person in the United States into whose possession this Prospectus comes should inform itself about and observe any applicable legal restrictions; any such person in the United States who is not a QIB is required to disregard this Prospectus. A person in the United States who is not a QIB is an Ineligible Shareholder (as defined in Section 12.3.7 "Subscription Rights"). The credit of Subscription Rights to an Ineligible Shareholder does not constitute an offer to such Ineligible Shareholders.

**Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.**

### **Sales outside the United States**

Each person that at the time of exercise of Subscription Rights or purchase of Offer Shares from the Company, was outside the United States, by accepting delivery of this Prospectus, will be deemed to have represented, warranted, agreed and acknowledged that:

- (a) It (i) is not within the United States; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Offer Shares; (iii) is not exercising for the account of any person who is located in the United States, unless: (A) the instruction to exercise was received from a person outside the United States and (B) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (a) has investment discretion over such account or (b) is an investment manager or investment company that is acquiring the Offer Shares in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act; and (iv) is not acquiring the Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares into the United States.
- (b) It understands that such Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or any U.S. securities laws or with any securities regulatory authority of any state or other jurisdiction in the United States and that it will not offer, sell, pledge or otherwise transfer such Subscription Rights or Offer Shares except (i) in accordance with Rule 144A under the U.S. Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (ii) in an offshore transaction as defined in and in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any State of the United States.
- (c) It understands that such Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER, OR IN A TRANSACTION NOT SUBJECT TO, THE U.S. SECURITIES ACT.
- (d) It is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- (e) The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- (f) The Company, the Manager, any selling agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (g) The Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.

The Company is not required to file periodic reports under Section 13 or 15 of the U.S. Exchange Act. For as long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and the Company is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company will upon written request furnish to any holder or beneficial owner of the Offer Shares, or to any prospective purchaser designated by such holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act.

### **13.3 United Kingdom**

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

### **13.4 European Economic Area**

In relation to each Relevant Member State, an offer to the public of any Offer Shares may not be made in that Relevant Member State, other than the offers contemplated by this Prospectus in Norway once this Prospectus has been approved by the Norwegian FSA and published in accordance with the EU Prospectus Regulation as implemented in Norway, except that an offer to the public of any Offer Shares in a Relevant Member State may be made at any time under the following exemptions under the EU Prospectus Regulation:

- (a) to persons who are "qualified investors" within the meaning of Article 2(e) of the EU Prospectus Regulation;
- (b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Manager for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Offer Shares shall result in a requirement for the Company or any Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Subsequent Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offered Shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Company and the Manager that it is a qualified investor within the meaning of Article 2(e) of the EU Prospectus Regulation.

The Company, the Manager and their respective affiliates and its and their respective directors, employees, agents, advisers, subsidiaries and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

### **13.5 Switzerland**

This Prospectus is not being publicly distributed in Switzerland. Each copy of this Prospectus is addressed to a specifically named recipient and may not be passed on to third parties. The Subscription Rights or Offer Shares are not being offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering material in relation to the Subscription Rights or Offer Shares may be distributed in connection with any such public offering.

### **13.6 Additional Jurisdictions**

The Subscription Rights or Offer Shares may not be offered, sold, exercised, pledged, resold, granted, allocated, taken up, transferred or delivered, directly or indirectly, in or into, Canada, Japan, Australia, Hong Kong or any other jurisdiction in which it would not be permissible to offer the Subscription Rights or the Offer Shares.

## 14 ADDITIONAL INFORMATION

### 14.1 Auditor and advisors

The Company's independent auditor is Deloitte AS with registration number 980 211 282, and business address Dronning Eufemias gate 14, N-0191 Oslo, Norway. Deloitte is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants).

Arctic Securities AS (Haakon VIIIs gate 5, N-0161 Oslo, Norway) is acting as manager for the Private Placement and the Subsequent Offering.

Advokatfirmaet Thommessen AS (Ruseløkkveien 38, N-0251 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

### 14.2 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Gunnar Knudsens veg 114, N-3712 Skien, Norway, during normal business hours from Monday to Friday each week (except public holidays) and on the Company's website [www.borgestad.no](http://www.borgestad.no) for a period of twelve months from the date of this Prospectus:

- the Company's Articles of Association; and
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus.

### 14.3 Incorporation by reference

The information incorporated by reference in this Prospectus should be read in connection with the cross reference table set out below. Except as provided in this Section 14.3 "Incorporation by reference", no information is incorporated by reference into this Prospectus.

Section in the Prospectus	Disclosure requirement	Reference document and link	Page (P) in reference document
Sections 4.3 and 7	Annex 3, item 11.1	Annual Report 2020: <a href="https://borgestad.no/wp-content/uploads/2021/04/Borgestad_annual_report_2020.pdf">https://borgestad.no/wp-content/uploads/2021/04/Borgestad_annual_report_2020.pdf</a>	Page 23 – 80 (Accounts and notes)
Section 4.3 and 7	Annex 3, item 11.2	Auditor's Report 2020: <a href="https://borgestad.no/wp-content/uploads/2021/04/Borgestad_annual_report_2020.pdf">https://borgestad.no/wp-content/uploads/2021/04/Borgestad_annual_report_2020.pdf</a>	Page 84 - 88
Section 4.3 and 7	Annex 3, item 11.1	Interim Financial Statements Q4 2021: <a href="https://borgestad.no/wp-content/uploads/2022/02/BOR-Q421.pdf">https://borgestad.no/wp-content/uploads/2022/02/BOR-Q421.pdf</a>	Page 1 – 17 (Accounts and notes)

**15 DEFINITIONS AND GLOSSARY**

APM .....	Alternative performance measures as defined by ESMA.
Anti-Money Laundering Legislation ...	Norwegian Money Laundering Act of 1 June 2018 No. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 No. 1324, collectively.
Arctic .....	Arctic Securities AS.
Articles of Association.....	The Company's articles of association attached as Appendix A of this Prospectus.
Board Members .....	The members of the Company's Board of Directors.
Board of Directors.....	The Board of Directors of the Company.
Bond Amendments.....	The amendments to the terms of the Bond Loan, as resolved by the holders of the Bond Loan pursuant to a written resolution made on 7 March 2022.
Bonds.....	The bonds in the Bond Issue.
Bond Conversion.....	The conversion offer to the bondholders of the Bond Loan with an offer period which expired on 1 March 2022 at 16:30 hours (CET).
Bond Issue.....	Company's senior secured bond loan (BOR04) with ISIN NO0010907736 with an outstanding amount of approximately NOK 300 million as per 31 December 2021 (the Company has however repurchased Bonds for a total amount of MNOK 29.6, so that the outstanding amount prior to the Private Placement, Bond Conversion and Bond Redemption, is approx. MNOK 270.4).
Bond Loan.....	Has the same meaning as given to the "Bond Issue" above.
Bond Redemption .....	The partial redemption of the Bond Loan at 102% of the nominal value of the bonds through the use of proceeds from the Private Placement and the Subsequent Offering (as the case may be).
Book Equity Covenant .....	The covenant in the bond terms for the Bond Loan, pursuant to which the Group at all times shall have a book equity exceeding NOK 350 million.
Borgestad .....	Borgestad ASA.
Höganäs Borgestad .....	The Group's refractory business or Höganäs Borgestad AB, the holding company of the Group's refractory business.
CEO .....	Chief executive officer.
CFO.....	Chief financial officer.
CET.....	Central European Time.
CEST.....	Central European Summer Time.
Company .....	Borgestad ASA.
Conversion Shares .....	The 25,364,326 new shares in the Company, each with a par value of NOK 1.00, resolved by the EGM on 23 March 2022 and which are expected to be issued on 28 March 2022, at a subscription price of NOK 1,9231 per Conversion Share in connection with the Bond Conversion.
COVID-19 .....	The outbreak of the coronavirus SARS-CoV-2.
Deloitte .....	Deloitte AS.
EEA.....	The European Economic Area.
EGM.....	The extraordinary general meeting of the Company on 23 March 2022.
Eligible Shareholders .....	The shareholders of the Company as of 1 March 2022 (being registered as such in the VPS on the Record Date), except for shareholders who (i) were allocated Private Placement Shares in the Private Placement or (ii) are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action who will be granted Subscription Rights that, subject to applicable law, give a preferential right to subscribe for and be allocated Offer Shares at the Subscription Price.
ERH .....	ERH AS (previously named NBT AS and Emergy AS), a Norwegian private limited liability company with company registration number 987 646 977 in the NRBE.
ESMA .....	European Securities and Markets Authority.
EU .....	The European Union.
EUR.....	The lawful common currency of the participating member states in the European Union.
EU Prospectus Regulation.....	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to

	trading on a regulated market, and repealing Directive 2003/71/EC Text with EEA relevance.
Excess Allowance .....	Any part of the calculated allowance one year exceeding the dividend distributed on the share.
Financial Statements .....	The Company's audited consolidated financial statements as of and for the year ended 31 December 2020.
Financial Information .....	The Financial Statements and the Interim Financial Statements.
FSMA .....	The UK Financial Services and Markets Act 2000.
General Meeting .....	The Company's general meeting of shareholders.
Group .....	The Company taken together with its consolidated subsidiaries.
Höganäs Borgestad .....	Höganäs Borgestad AB.
Ineligible Shareholders .....	Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that prohibits or otherwise restricts subscription for Offer Shares and/or (ii) shareholders located in the United States who is not a QIB.
LEI .....	Legal Entity Identifier.
Management .....	The senior management team of the Group.
Manager .....	Arctic Securities AS.
MiFID II .....	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements .....	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
Monolithic .....	Unshaped refractory product.
NCI .....	National Client Identifier.
New Shares .....	Means the Private Placement Shares, the Conversion Shares and the Offer Shares.
NOK .....	Norwegian Kroner, the lawful currency of Norway.
NOM-Account .....	A nominee account.
Non-Norwegian Corporate Shareholders .....	Shareholders who are limited liability companies and certain similar corporate entities not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders .....	Shareholders who are individuals not resident in Norway for tax purposes.
Nordea .....	Nordea Bank Abp, filial i Norge.
Norwegian Corporate Shareholders .....	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
Norwegian FSA .....	The Financial Supervisory Authority of Norway ( <i>Nw.: Finanstilsynet</i> ).
Norwegian Personal Shareholders ..	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Companies Act .....	Norwegian Public Limited Liability Companies Act of 13 June 1997 No 45 ( <i>Nw.: allmennaksjeloven</i> ).
Norwegian Securities Trading Act ...	The Norwegian Securities Trading Act of 28 June 2007 No 75 ( <i>Nw.: verdipapirhandelloven</i> ).
NRBE .....	The Norwegian Register of Business Enterprises ( <i>Nw.: Foretaksregisteret</i> )
Offer Shares .....	Up to 50,000,000 new shares in the Company, each with a par value of NOK 1.00, to be issued in connection with the Subsequent Offering, at a subscription price of NOK 2.00.
Order .....	The UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
Oslo Stock Exchange .....	Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
Payment Date .....	On or about 13 April 2022.
PLN .....	Polish Zloty, the lawful currency of Poland.
Private Placement .....	A private placement of 75,000,000 new shares in the Company conditionally allocated to the investors on 1 March 2022 and as approved by the EGM on 23 March 2022.
Private Placement Shares .....	The 75,000,000 new shares in the Company, each with a par value of NOK 1.00, issued at a subscription price of NOK 2.00 per Private Placement Share in connection with the Private Placement, resolved by the general meeting of the Company on 23 March 2022.
Prospectus .....	This Prospectus dated 24 March 2022.
QIBs .....	Qualified institutional buyers as defined in Rule 144A.

Record Date .....	3 March 2022.
Refractory .....	Heat-resistant material that retains strength and form at very high temperatures.
Refratechnik .....	Refratechnik Cement GmbH and Refratechnik Steel GmbH.
Regulation S .....	Regulation S under the U.S. Securities Act.
Relevant Member State .....	Each Member State of the European Economic Area which has implemented the EU Prospectus Regulation.
Relevant Persons .....	Persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
Rule 144A .....	Rule 144A under the U.S. Securities Act.
SEK .....	Swedish Kroner, the lawful currency of Sweden.
Share(s) .....	Means the shares of the Company, each with a par value of NOK 1.00, or any one of them, including the Private Placement Shares, the Conversion Shares and the Offer Shares.
Share Capital Decrease .....	The share capital decrease of NOK 114,523,488, from NOK 127,248,320 to NOK 12,724,832, by reducing the nominal value of the Company's shares from with NOK 9, from NOK 10.00 to NOK 1.00, with transfer of the funds to other reserves (i.e. no distribution to shareholders) as resolved by the general meeting of the Company on 10 December 2021 and effective as of 26 January 2022.
Subscription Form .....	The form for subscription of Offer Shares attached hereto in Appendix B.
Subscription Period .....	From 09:00 hours (CET) on 25 March 2022 to 16:30 hours (CEST) on 8 April 2022.
Subscription Price .....	The subscription price for the Offer Shares, being NOK 2.00.
Subscription Rights .....	Subscription rights that, subject to applicable law, provide preferential rights to subscribe for and to be allocated Offer Shares at the Subscription Price.
Subsequent Offering .....	The offer by the Company to the Eligible Shareholders to issue up to 50,000,000 Offer Shares, each with a par value of NOK 1.00, at a Subscription Price of NOK 2.00 per Offer Share, being equal to the subscription price in the Private Placement, to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting the dilution of their shareholding following the completion of the Private Placement.
Target Market Assessment .....	Has the meaning ascribed to such term on page III.
Underwriting Agreement .....	The underwriting agreement entered into by the Company, the Underwriters and the Manager on 28 February 2022 securing the subscription of the total gross proceeds of the Private Placement.
UK .....	The United Kingdom.
USD or U.S. Dollar .....	United States Dollars, the lawful currency of the United States of America.
U.S. or United States .....	The United States of America.
U.S. Exchange Act .....	The United States Exchange Act of 1934, as amended.
U.S. Securities Act .....	The United States Securities Act of 1933, as amended.
VPS .....	Euronext Securities Oslo, being the Norwegian Central Securities Depository.
VPS Registrar .....	Nordea Bank Abp, filial i Norge.

**APPENDIX A:**

**ARTICLES OF ASSOCIATION OF BORGESTAD ASA**

## **VEDTEKTER**

### **BORGESTAD ASA**

ORG NR 920 639 674

*per 10. desember 2021*

#### **§ 1**

Selskapets navn er Borgestad ASA. Selskapet er et allmennaksjeselskap.

#### **§ 2**

Selskapets forretningskontor er i Skien.

#### **§ 3**

Selskapets formål er å drive skipsrederi og virksomhet innen industri, eiendom, handel samt hva hermed står i forbindelse, herunder deltagelse i andre selskaper og administrativ tjenesteyting.

#### **§ 4**

Aksjekapitalen er kr 12.724.832, fordelt på 12.724.832 aksjer, hver pålydende kr 1,-.

#### **§ 5**

Selskapets styre består av tre til seks medlemmer. I tillegg kan det velges inntil to varamedlemmer. Styret velger selv sin leder. Selskapets firma tegnes av styrets leder og administrerende direktør hver for seg og for øvrig av to styremedlemmer i fellesskap. Styret kan meddele prokura.

For at styret skal være beslutningsdyktig, må flere enn halvparten av samtlige medlemmer være til stede.

#### **§ 6**

Ordinær generalforsamling holdes hvert år innen utgangen av juni. Ekstraordinær generalforsamling holdes når det besluttet av styret, eller skriftlig forlanges av selskapets revisor eller en eller flere aksjeeiere som til sammen representerer minst 1/20 av aksjekapitalen, for å få behandlet et bestemt angitt emne.

Generalforsamlingen innkalles av styret med minst tre ukers varsel ved brev til alle aksjonærer med kjent adresse. Når dokumenter som gjelder saker som skal behandles på generalforsamlingen er gjort tilgjengelige for aksjeeierne på selskapets internettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjeeierne. Dette gjelder også for dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Aksjeeier som ønsker å delta eller være representert ved fullmektig i generalforsamlingen, må melde fra til selskapet senest to virkedager før generalforsamlingen avholdes.

Styrets leder, eller den han utpeker, leder generalforsamlingen. I generalforsamlingen gir hver aksje én stemme.

Alle beslutninger treffes med alminnelig flertall av de avgitte stemmer, hvis ikke aksjeloven bestemmer noe annet.

#### **§ 7**

Selskapets generalforsamling avholdes på Borgestad eller i Porsgrunn, med mindre styret av særlige grunner finner det nødvendig å holde generalforsamling et annet sted.

Den ordinære generalforsamling skal:

1. godkjenne årsregnskapet og årsberetningen, herunder utdeling av utbytte,
2. velge styremedlemmer og eventuelt varamedlemmer, og ved ledighet revisor,
3. fastsette godtgjørelse til medlemmer av styret, samt varamedlemmer og godkjenne revisors honorar,
4. behandle andre saker som er nevnt i innkallelsen.

## **§ 8**

Valgkomiteen består av to medlemmer som skal være aksjeeiere eller representanter for aksjeeiere. Valgkomiteens medlem og leder velges av generalforsamlingen, og tjenestetiden er to år.

Ved stemmelikhet har lederen dobbeltstemme. Valgkomiteen avgir innstilling til generalforsamlingen om valg av styrets aksjonærvalgte medlemmer og om fastsettelse av styrets godtgjørelse.

Styrets leder og/eller administrerende direktør skal, uten å ha stemmerett, innkalles til minst ett møte i valgkomiteen før valgkomiteen avgir sin endelige innstilling.

Generalforsamlingen skal vedta retningslinjer for valgkomiteens arbeid. Generalforsamlingen fastsetter valgkomiteens godtgjørelse basert på styrets innstilling.

**APPENDIX B**

**SUBSCRIPTION FORM FOR THE SUBSEQUENT OFFERING**



## ADDITIONAL GUIDELINES FOR THE SUBSCRIBER

### THE DISTRIBUTION OF THIS SUBSCRIPTION FORM IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW.

**Regulatory Issues:** In accordance with the Markets in Financial Instruments Directive (MiFID II) of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Manager must categorise all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of the Manager will be categorised as non-professional clients. Subscribers can, by written request to the Manager, ask to be categorised as a professional client if the subscriber fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorisation, the subscriber may contact the Manager. **The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

The Manager will receive a consideration from the Company and will in conducting its work have to take into consideration the requirements of the Company and the interests of the investors subscribing under the Subsequent Offering and the rules regarding inducements pursuant to the requirements of the Norwegian MiFID II Regulations (implementing the European Directive for Markets in Financial Instruments (MiFID II)).

**Selling and Transfer Restrictions:** The attention of persons who wish to subscribe for Offer Shares is drawn to Section 13 of the Prospectus "Selling and transfer restrictions". The making or acceptance of the Subsequent Offering to or by persons who have registered addresses outside Norway, or who are resident in, or citizens of, countries outside Norway, may be affected by the laws of the relevant jurisdiction. Those persons should read Section 13 of the Prospectus and consult their professional advisers as to whether they are eligible to subscribe for Offer Shares or require any governmental or other consents or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person outside Norway wishing to subscribe for Offer Shares under the Subsequent Offering to satisfy himself/herself/itself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. Notwithstanding the foregoing, the Offer Shares may be offered to, and the Subscription Rights may be exercised by or on behalf of, persons in the United States reasonably believed to be "qualified institutional buyers" (QIBs) as defined by the U.S. Securities Act, in offerings exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, provided such persons satisfy the Company that they are eligible to participate on such basis. Persons in the United States exercising Subscription Rights to acquire Offer Shares will be required to execute an investor letter in a form acceptable to the Company and the Manager. The Subscription Rights and the Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan except pursuant to an applicable exemption from applicable securities laws. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, the Prospectus will not be distributed in the United States, Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan. Except as otherwise provided in the Prospectus, the Subscription Rights and the Offer Shares may not be transferred, sold or delivered in the United States, Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid.

**Execution Only:** The Manager will treat the Subscription Form as an execution-only instruction. The Manager is not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

**Information Exchange:** The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Financial Undertakings Act and foreign legislation applicable to the Manager, there is a duty of secrecy between the different units of the Manager, as well as between the Manager and other entities in the Manager's group. This may entail that other employees of the Manager or the Manager's group may have information that may be relevant to the subscriber and to the assessment of the Offer Shares, but which the Manager will not have access to in its capacity as Manager for the Subsequent Offering.

**Information Barriers:** The Manager is a securities firm that offers a broad range of investment services. In order to ensure that assignments undertaken in the Manager's corporate finance department are kept confidential, the Manager's other activities, including analysis and stock broking, are separated from the Manager's corporate finance department by information walls. The subscriber acknowledges that the Manager's analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions of the Shares, including the Offer Shares, as a consequence of such information walls.

**VPS Account and Mandatory Anti-Money Laundering Procedures:** The Subsequent Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act No. 23 of 1 June 2018 and the Norwegian Money Laundering Regulations No. 1324 of 14 September 2018 (collectively, the "**Anti-Money Laundering Legislation**"). Subscribers who are not registered as existing customers with the Manager must verify their identity to the Manager in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Manager. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers who have not completed the required verification of identity may not be allocated Offer Shares. Further, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the European Economic Area (the "**EEA**"). Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Financial Supervisory Authority of Norway. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

**Personal data:** The subscriber confirms that it has been provided information regarding the Manager's processing of personal data, and that it is informed that the Manager will process the subscriber's personal data in order to manage and carry out the Subsequent Offering and the subscription from the subscriber, and to comply with statutory requirements.

The data controller who is responsible for the processing of personal data is the Manager. The processing of personal data is necessary in order to fulfil the subscription and to meet legal obligations. The Norwegian Securities Trading Act and the Anti-Money Laundering Legislation require that the Manager process and store information about clients and trades, and control and document activities. The subscriber's data will be processed confidentially, but if it is necessary in relation to the purposes, the personal data may be shared between the Manager, the company(ies) participating in the offering, companies within the Manager's group, the VPS, stock exchanges and/or public authorities. The personal data will be processed as long as necessary for the purposes, and will subsequently be deleted unless there is a statutory duty to keep it.

If the Manager transfers personal data to countries outside the EEA, that have not been approved by the EU Commission, the Manager will make sure the transfer takes place in accordance with the legal mechanisms protecting the personal data, for example the EU Standard Contractual Clauses.

As data subjects, the subscribers have several legal rights. This includes inter alia the right to access their personal data, and a right to request that incorrect information is corrected. In certain instances, the subscribers will have the right to impose restrictions on the processing or demand that the information is deleted. The subscribers may also complain to a supervisory authority if they find that the Manager's processing is in breach of the law. Supplementary information on processing of personal data and the subscribers' rights can be found at the Manager's website.

**Terms and Conditions for Payment by Direct Debiting - Securities Trading:** Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions will apply:

- The service "Payment by direct debiting - securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- Costs related to the use of "Payment by direct debiting - securities trading" appear from the bank's prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
- The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
- In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- The payer cannot authorise payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

**Overdue Payment:** Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum as of the date of the Prospectus. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act, not be delivered to such subscriber.

The Manager, on behalf of the Company, reserves the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allocate or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Manager may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Manager, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

The Company and the Manager further reserve the right (but have no obligation) to have the Manager advance the subscription amount on behalf of subscribers who have not paid for the Offer Shares allocated to them within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Manager.

**National Client Identifier and Legal Entity Identifier:** In order to participate in the Subsequent Offering, subscribers will need a global identification code. Physical persons will need a so-called National Client Identifier ("**NCI**") and legal entities will need a so-called Legal Entity Identifier ("**LEI**").

**NCI code for physical persons:** Physical persons will need a NCI code to participate in a financial market transaction, i.e. a global identification code for physical persons. For physical persons with only a Norwegian citizenship, the NCI code is the 11 digit personal ID (Nw: "*fødselsnummer*"). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI code can be used. Subscribers are encouraged to contact their bank for further information.

**LEI code for legal entities:** Legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorized LEI issuer, and obtaining the code can take some time. Subscribers should obtain a LEI code in time for the subscription. For more information visit [www.gleif.org](http://www.gleif.org). Further information is also included in Section 12.4.17 ("**NCI code and LEI number**") of the Prospectus.



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