



Q1 2022 presentation

19 May 2022



BORGESTAD ASA

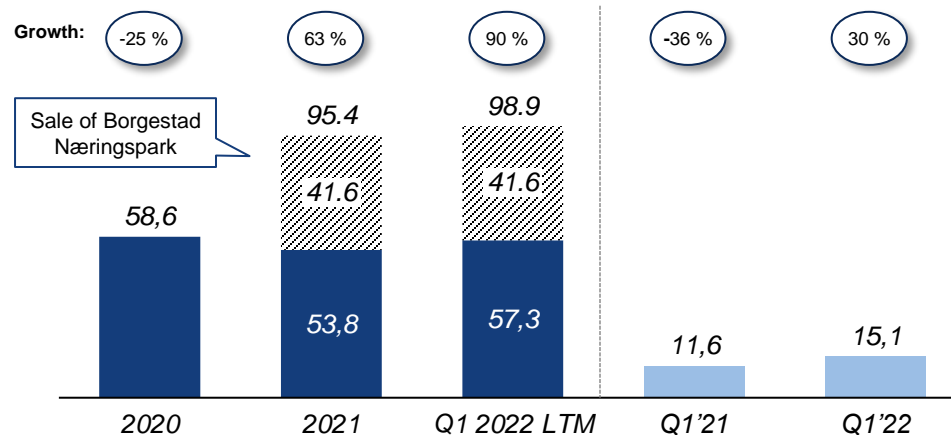


Continued improvement of activity in Agora Bytom, several segments back to pre-pandemic levels

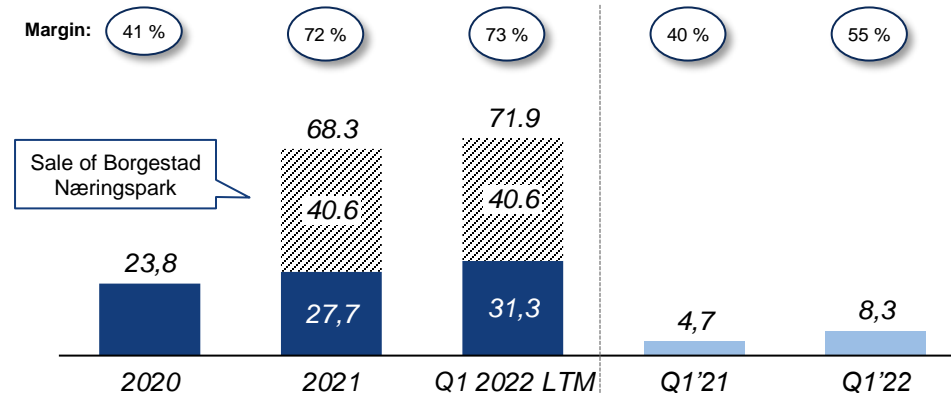
Latest trends and developments

- The Covid-19 situation in Poland has improved after around 2 years of significant impact
- In February 2022, the Polish authorities communicated a changed strategy in relation to the Covid-19 pandemic, which was perceived as the beginning of the end of the pandemic
- In Q1 2022, Agora Bytom operated the shopping center almost as before the pandemic, in contrast to Q1 2021 when the center was partially shut down for two periods
- Revenue in Agora Bytom increased by ~120% in Q1 2022 vs. Q1 2021
 - The number of visitors increased by 48% in Q1 2022 compared to Q1 2021
 - In March 2022, revenue was close to revenue achieved in March 2019, prior to the pandemic
 - For segments such as restaurants and cafes, there is still improvement potential as customer levels are not yet back to those seen before the pandemic
 - For other segments, the development is strong, and several are back to pre-pandemic levels
- Borgestad Properties expects the positive trend in rental income and EBITDA to continue in Q2 2022

Revenue development (NOKm)



EBITDA development (NOKm)



Retail sales and footfall have impressively improved

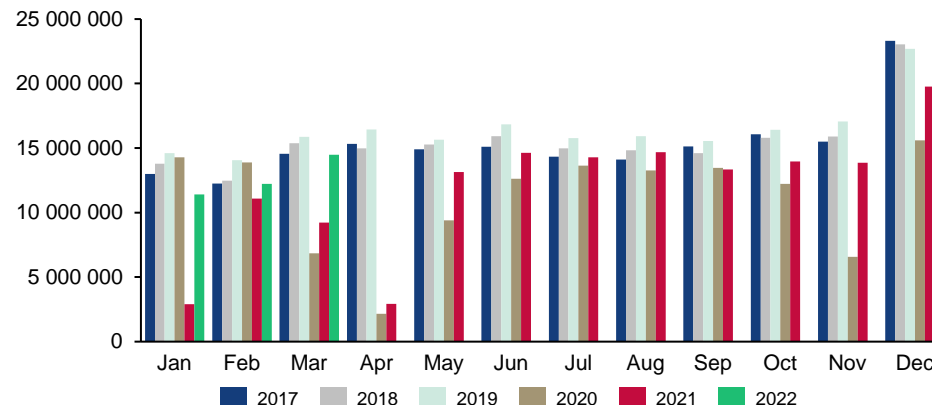
Latest trends and developments

- Due to the closed periods in the first quarter, turnover and number of visitors at Agora Bytom were in 2021
 - The closures implied that tenants who sold groceries, sanitary ware, pharmacy items and service industries such as banks and the like had the opportunity to stay open
 - Polish authorities implemented relief in May 2021, which contributed to the reopening of the remaining tenants
 - Further in February 2022, the Polish authorities communicated a changed strategy in the Covid-19 pandemic and lifted all restrictions by March - end

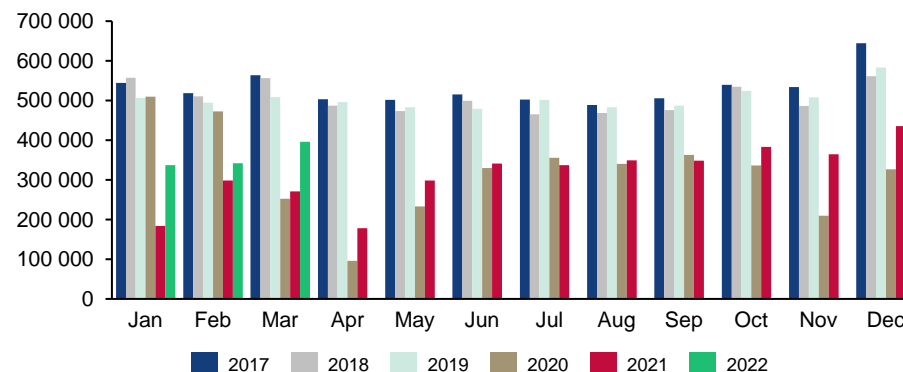
- By March-end 2022¹⁾, footfall improved by ~104% year-on-year

- The Polish economy displayed a strong post-pandemic growth, but now the war in neighboring Ukraine casts a threat
 - GDP improved 7.6% in December 2021 (YoY)
 - Registered unemployment at 5.5% as of February 2022, down from 6.5% in February 2021
 - Consumer confidence fell to -39 points in March 2022, after having improved to -13 in September 2021

Retail sales (turnover '17-'22)



Footfall (Agora monthly footfall '17-'22)



1) As on 27 March 2022, compared with 28 March 2021

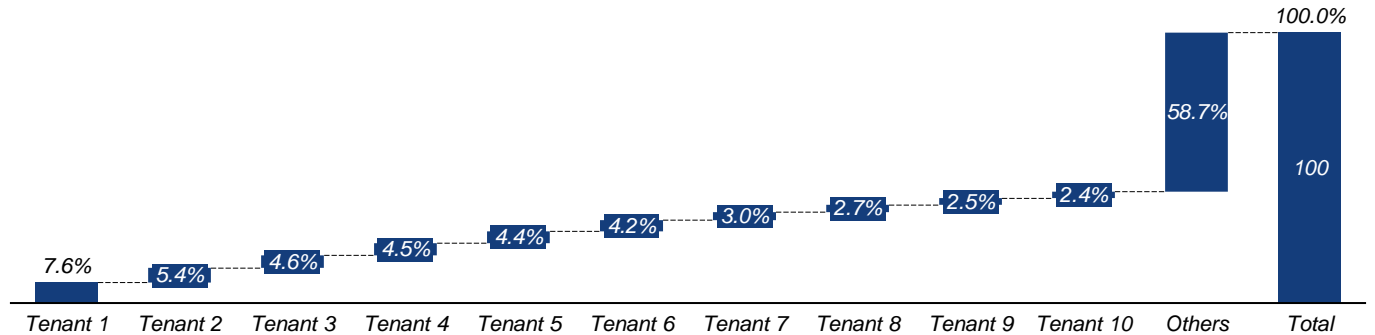
Diversified tenant base and decreased risk related to renewals

Comments

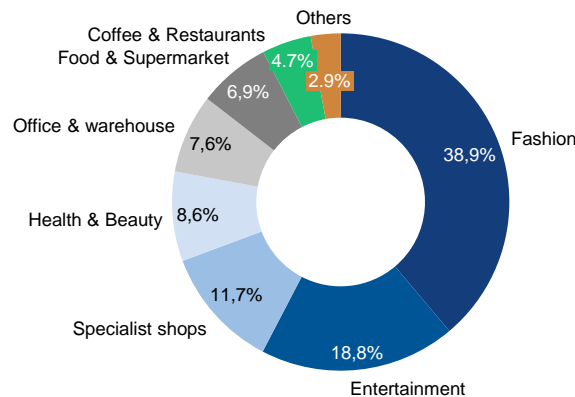
- Wault by income = 3.62 years
- Wault by area = 3.57 years
- Due date for top ten tenants are spread, first due date in 2024
- Constructive dialouge with tenants with renewals in 2022
- Several ongoing negotiations with potential new leases

Highly diversified tenant base

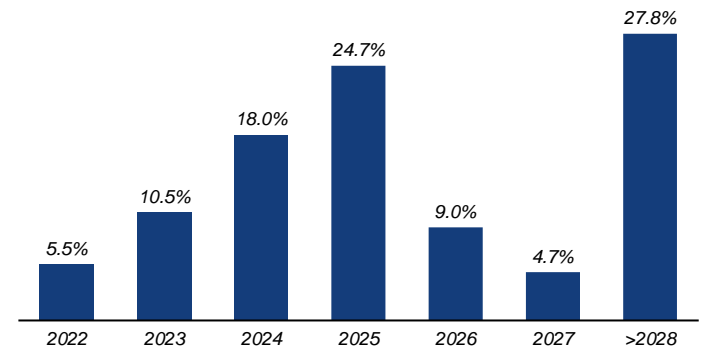
Lettable area per tenant



Tenant mix



Contract duration (sq.m)¹⁾



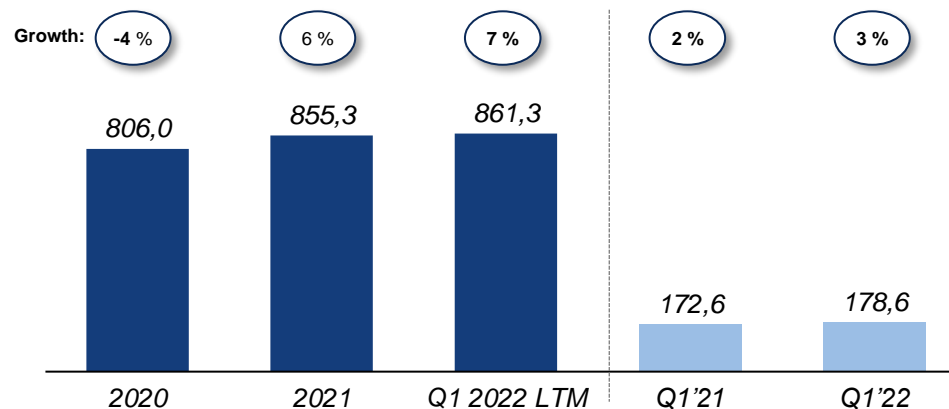
1) As per original lease end date, i.e. without considering option to extend the lease period

Industry segment continues with high activity

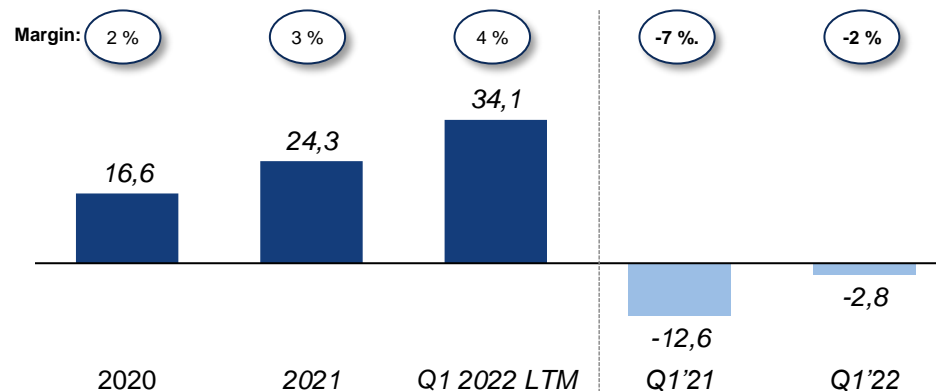
Recent trends and developments

- In Q1 2022, the refractory segment had a turnover of NOK 178.6m against NOK 172.6m in Q1 2021, an increase of 3.4%
 - EBITDA for Q1 2022 improved by NOK 9.8m compared to Q1 2021
 - One of the reasons for the change is improved results in the production unit
- The refractory industry, like many other industries, is affected by the challenges associated with logistics and rising raw material prices
 - The logistics situation in the world is expected to persist in the near future
 - Höganäs Borgestad expects that the prices of the input factors for refractory materials will increase and result in increased prices for products and services to customers
- The company has reduced its inventory by NOK 31.1m from 30 September 2021 until 31 March 2022
 - The reduction has mainly been implemented for the production unit as a result of the closure of stone production
 - As part of the announced change in working capital, Borgestad expects a further reduction in inventories next six months
- Höganäs Borgestad has a good order backlog both within the installation business and service assignments for the coming periods
 - There is good access to installation and service assignments beyond what has been agreed and planned for the period
- Borgestad expects activity in Q2 2022 to remain on par with the same time in 2021

Revenue development (NOKm)



EBITDA development (NOKm)

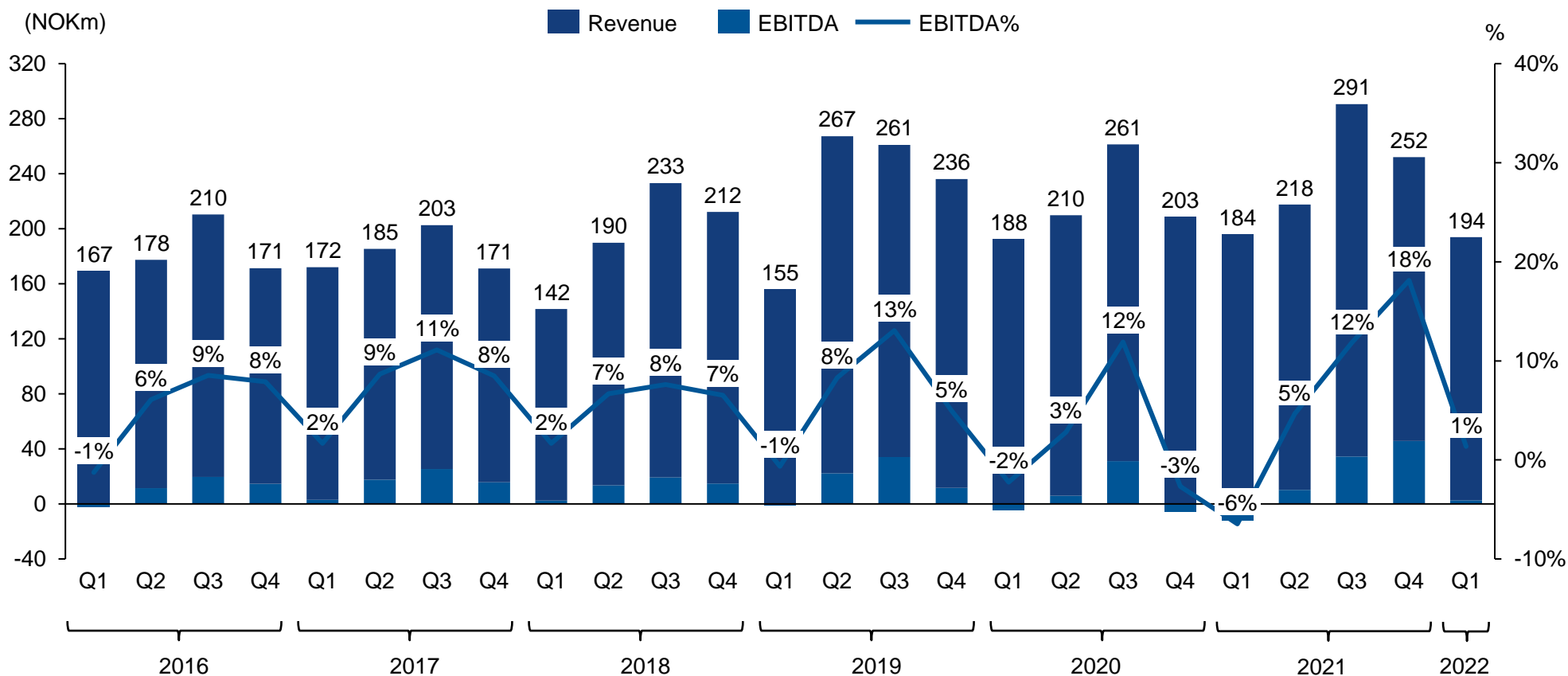


Quarterly revenue and EBITDA development for the Group



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Revenue, EBITDA and EBITDA-margin



Key P&L items



Income statement

	2022	2021
(NOK 1,000)	01.01- 31.03	01.01- 31.03
Revenue	193,898	183,796
COGS	(76,448)	(81,850)
Personnel	(62,571)	(63,321)
Other OPEX	(52,264)	(50,517)
EBITDA	2,615	(11,892)
D&A	(7,347)	(9,163)
EBIT	(4,732)	(21,055)
Net finance	(14,830)	(16,095)
Pre-tax income	(19,562)	(37,150)
Tax	(4,406)	9,219
Net income	(23,968)	(27,931)
Other comprehensive income	(15,317)	17,346
Comprehensive net income	(39,285)	(10,585)

Key balance sheet items

Balance sheet

	2022	2021		2022	2021
(NOK 1,000)	31.03	31.12	(NOK 1,000)	31.03	31.12
			Equity	489,965	339,297
Intangible assets	112,827	119,621	Provisions / reserve for liabilities	6,001	5,508
Buildings	26,401	50,232	Secured debt	401,449	417,967
Investment properties	780,692	805,646	Bond	214,923	-
Other financial assets	28,228	30,749	Lease commitments	20,526	23,960
Other non-current assets	79,866	68,322	Other long-term debt	68,183	92,156
Non-current assets	1,028,014	1,074,570	Non-current debt	711,082	539,591
			Overdrafts	23,042	-
Inventory	127,929	138,318	Secured debt	96,922	105,079
Receivables	159,384	160,693	Bond	-	264,885
Other short-term receivables	20,917	9,709	Payables	62,267	67,813
Cash & cash equivalents	173,668	48,337	Lease commitments	8,412	8,412
Current assets	481,898	357,057	Other short-term debt	118,222	106,550
			Current debt	308,865	552,739
Total assets	1,509,912	1,431,627	Total equity and liabilities	1,509,912	1,431,627

Cash flow statement



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Cash flow

<i>(NOK 1,000)</i>	<i>2022</i> <i>01.01-31.03</i>	<i>2021</i> <i>01.01-31.03</i>
Cash flow from operating activities before balance changes	(13,588)	(23,038)
+/- Balance changes	(19,885)	26,944
Cash flow from operating activities	(33,473)	3,906
Payments to other investments	(2,580)	(5,382)
Inflows from other investments	-	14
Cash flow from investing activities	(2,580)	(5,368)
Net change in financial liabilities	(65,204)	(10,880)
Receipts by rights issue	189,953	-
Net change in bank overdraft	23,042	10,176
Cash flow from financial activities	147,791	(704)
Cash flow for the period	111,738	(2,166)
Bank and cash balances per start of period	61,931	61,931
Bank and cash balances per end of period	173,668	59,763
Available liquidity per end of period	206,906	74,439

Continued improvement of activity in Agora, high activity within the industry segment and a significantly strengthened balance sheet



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After around two years of significant impact from the Covid-19 pandemic, Borgestad is back to almost normal operations

Strengthened equity and liquidity, significantly reduced outstanding bond debt

- Completed private placement of NOK 150m, of which NOK 122.6m used towards a partial reduction of the outstanding bond
- NOK 47.8m conversion of bonds into equity, bringing total reduction of the bond to NOK 170.4m (NOK 100m outstanding at the end of April 2022)
- Furthermore, a NOK 78.8m repair issue has been carried out in Q2 2022
- In total, the company has strengthened its equity by ~NOK 260m in Q1 2022

Sustainable and improved debt structure, as well as a solid liquidity position that ensures future development of the group's holdings in line with the group's strategy

- Improved bond terms: maturity extended by 1 year to January 2024, callable in whole or in parts and margin reduced from 8% to 5% (reduced margin effective from early June 2022)
- Liquidity strengthened by ~NOK 85m after the partial bond repayment in April 2022
- Equity ratio of 32.4% as of 31 March 2022 compared to 24.4% as of 31 December 2021





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