



BORGESTAD ASA

Third Quarter 2023 Report

November 6, 2023

Table of Contents

Highlights and Key Figures	3
About Borgestad ASA	4
CEO Letter	4
Operational and Financial Review	6
Condensed Interim Financial Statements	13
Notes to the Condensed Interim Financial Statements.....	19
Alternative Performance Measures (APMs).....	24



Highlights and Key Figures

Highlights

- 1 The Group's revenue increased by 31.7 percent in third quarter of 2023 compared to the same period in 2022.
- 2 EBITDA for the third quarter improved by MNOK 50.6 compared to the third quarter of 2022, mainly due to Höganäs Borgestad won the arbitration case in Vienna with a positive EBITDA impact of MNOK 46.4 in the quarter
- 3 The Group have implemented an impairment of Agora Bytom per 30.09.23 with an effect of MNOK 59.7, due to increased yield in 2023.
- 4 27th of October the company announced a conditional sale and leaseback agreement with Bjuv municipality in Sweden, with an net estimated cash effect of MSEK 141.3.
- 5 Due to maturing short term debt and the general level of debt, a private placement of MNOK 250 is expected to be launched. Conditional on a successful private placement and completion of the sale and leaseback transaction with Bjuv municipality, Borgestad will significantly lower debt and be fully financed.

Key Figures

MNOK	Q3		Q1-Q3	
	2023	2022	2023	2022
Operating income	377	286	912	720
EBITDA	83	33	108	42
Depreciation & Impairment of non-current assets	70	9	81	23
Operating profit (EBIT)	14	24	27	19
Profit before tax	-1	14	7	-14

MNOK	30.09.2023	30.09.2022
Available liquidity at end of period	109	71
IBD	730	759
NIBD	678	692
NIBD/EBITDA	6,3	16,4
Equity ratio	35 %	38 %

About Borgestad ASA

Borgestad ASA is an investment company based in Skien, Norway. Our portfolio primarily covers two main business areas: real estate and refractory.

Within these segments, it is the shopping mall Agora Bytom and the refractory production and installation company Höganäs Borgestad, that have the biggest impact on the Group's performance. The Group's focus areas are real estate and refractory industry. Real estate is the largest segment measured by the balance sheet, while refractory industry is the largest by revenue.



Agora Bytom

Agora Bytom shopping center in Poland is the largest investment of the Group, accounting for over half of the balance sheet. The shopping center has a gross area of 52,000 m² and a rental area of over 30,000 m². In addition, there is a parking garage with 820 parking spaces. Agora Bytom is centrally located in the Silesian region of Poland and holds a strong market position in its primary catchment area. Agora offers spaces to a wide range of tenants, including large international chains and important Polish brands, 8 cinema halls, a fitness center, and a rich selection of cafes.



Höganäs Borgestad

Höganäs Borgestad is a manufacturer and supplier of refractory quality products, installations, systems, and solutions that are essential for industrial high-temperature processes exceeding 1,200°C in various industries such as steel, cement, and aluminum. Refractory materials are stones or masses produced in many different variants depending on their intended use. Refractory materials are primarily used to protect production industries and contribute to energy savings.

CEO Letter

Borgestad continued the positive operational development in the third quarter of 2023, with revenue and EBITDA growth for both segments, in addition to the positive result from the arbitration process in Vienna.

After closing the quarter, we announced the important agreement with the municipality of Bjuv in Sweden, which will serve as the cornerstone of a long-awaited restructuring of Borgestad towards a financially solid investment company. According to, and subject to completion of, the agreement, we will sell two properties, including the production facilities, to Bjuv municipality and then lease the production facilities back to continue the production of refractory products in line with previous practice. The net proceeds of approximately SEK 141,2 million from the transaction are expected to be used to reduce the Group's outstanding interest-bearing debt. Completion of the transaction is subject to approval from the Municipal Council of Bjuv and certain other customary closing conditions, and is expected to take place in the first quarter of 2024.

This value-creating agreement will enable us to realize the value of our properties, while right-sizing and optimizing the production facilities. In parallel, we are working on a total financial restructuring of the Group, through which we intend to extend our loan facility for Agora Bytom and repay the BOR04 bond on or before January 8, 2024.

The debt refinancing is conditional on the company successfully completing a NOK 250 million private placement, and we have engaged Arctic Securities and SpareBank 1 Markets as managers for such private placement. Following the contemplated refinancing, we intend to reduce our net debt from NOK 678 million to approximately NOK 245 million and generate a Group with a robust financial position.

Subject to successful completion of the private placement, the company's board of directors will propose to the general meeting that a subsequent repair offering directed towards investors that were not allocated new shares in the private placement is carried out.

A lot of work is still to be done, but with a successful refinancing, we aim to establish a new platform for developing Borgestad into an active investment company when we turn the page to 2024.

Pål Feen Larsen
CEO

Operational and Financial Review

Group Results

(MNOK)	2023	2022	2023	2022
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
Revenue	377	286	912	720
Total operating cost	294	254	804	678
EBITDA	83	33	108	42
Depreciation	10	9	21	23
Impairment of non-current assets	60	0	60	0
Earnings before financial items and tax (EBIT)	14	24	27	19
Financial items	-14	-10	-20	-33
Profit before taxes	-1	14	7	-14

Borgestad Group has shown positive developments in revenue and EBITDA in the first three quarters of 2023. Both the real estate and refractory segments increased their revenue and improved EBITDA compared to the same period of 2022. The increase in revenue and EBITDA in the third quarter of 2023 compared to the third quarter of 2022 for the real estate segment is related to currency effects due to the weaker Norwegian krone against the euro. For the refractory segment, improved underlying operations are the reason for the improvement, in addition to the EBITDA gain resulting from the arbitration case (specified in note 3).

There is a normal order intake and order backlog for Höganäs Borgestad Group at the end of the third quarter of 2023.

Balance Sheet

Numbers in parentheses are as of December 31, 2022

As of September 30th, 2023, the Group had total assets of MNOK 1,471.4 (1,466.6). The increase from December 31st, 2022, is mainly due to the weakened Norwegian krone against the euro. Equity amounted to MNOK 520.1 (507.9), representing an equity ratio of 35.3 percent as of September 30th, 2023, an increase of 1.0 percent from December 31st, 2022.

The Group's current assets amounted to MNOK 499.7 (455.4). Long-term debt was MNOK 97.3 (614.0), while short-term debt amounted to MNOK 801.2 (344.7). Short-term debt increased due to the reclassification of bond debt and mortgage debt in Agora Bytom, primarily due to maturity dates in January and June 2024. In addition, the Group has classified the production buildings and land placed in Bjuv municipality and the connected mortgage loan as held for sale on September 30th, 2023. The book value of assets held for sale is MNOK 12.7 and the connected mortgage debt is MNOK 52.7. The reason for the re-classification is communicated below in the paragraph "Transactions and refinancing process".

The mortgage debt in Agora Bytom is financed in euros through Bank Pekao SA, with outstanding debt of MEUR 40.4 as of September 30th, 2023. The loan is partially interest rate hedged. The hedge has a cost of 0.3 percent, and the mortgage is secured with 80 percent of the outstanding amount at any given time until the loan matures on June 30th, 2024. Other terms include 1-month EURIBOR plus a margin of 2.80 percent. More information related to a potential refinancing of the mortgage loan connected with Agora Bytom is communicated below in the paragraph "Transactions and refinancing process".

Cash Flow, Investments, and Liquidity

Numbers in parentheses are as of December 31st, 2022

The Group's cash flow from operating activities was positive at MNOK 72.2 (negative 99.4) from the first three quarters of 2023.

Cash flow from investing activities was negative at MNOK 12.9 (negative MNOK 5.2), and cash flow from financial activities was negative at MNOK 98.3 (positive MNOK 123.5). As a result, the cash flow for the first three quarters of 2023, was negative at MNOK 39.0 (positive MNOK 18.9).

The available liquidity as of September 30th, 2023, was MNOK 108.7 (MNOK 71.3).

Transaction and refinancing process

Höganäs Bjuv Fastighets AB, an indirect subsidiary of Borgestad ASA, has on October 27th, 2023 entered into a conditional agreement with Bjuv municipality in Sweden for a sale and leaseback transaction for two properties in Sweden where the Group's production plant and other production facilities for refractory products are located.

The Group will sell the two properties, including the production facilities, to Bjuv municipality and then lease the production facilities back to continue its production of refractory products in line with previous practice. The Group will after the completion of the transaction still be the owner of all machinery and equipment used in for production.

The two properties are in the transaction valued at MSEK 145, and the purchase price will be approximately MSEK 141,2 after adjustment for stamp duty. The purchase price shall be settled in cash in three installments; 60 percent will be payable upon completion of the transaction, 20 percent will be payable 12 months after completion, and the remaining 20 percent will be payable 24 months after completion.

The net proceeds from the transaction are expected to be used to reduce the Group's outstanding interest-bearing debt.

The exact size of the production facilities to be leased back is yet to be determined, but the company expects it to be between 22,500 and 30,000 square meters. No rent will be payable for the first 24 months after completion of the transaction. Thereafter, an annual rent of SEK 200 per square meter will be payable. The rental period will be a maximum of five years, with a unilateral right for Höganäs Bjuv Fastighets AB to terminate the lease at any time with six months' notice.

The Group will also be granted an option from Bjuv municipality to purchase another property of 30,000 square meters located in the municipality for a price of SEK 150 per square meter.

Completion of the transaction is subject to approval from the Municipal Council of Bjuv and certain other customary closing conditions and is expected to take place in the first quarter of 2024.

Agora Bytom and Bank Pekao have conditionally agreed to extend the current loan facility for Agora Bytom. The extension is credit committee approved in Bank Pekao and Agora Bytom will sign the binding offer received from Bank Pekao conditional on the successful completion of the private placement described below.

The extension of the loan facility is further conditional on repayment of MEUR 10 and certain other customary closing conditions. Due to the market situation with the level of interest rate and increased loan to value level the lender of the mortgage loan of Agora Bytom has demanded a repayment of MEUR 10 to make sure that the loan will be sustainable.

The new maturity date will be no later than December 31st, 2028. Interest is agreed to be EURIBOR 1 month plus 2.8 percent. No capital repayment is required in the first 27 months, and in the last 33 months the monthly repayment will on average be EUR 125,000. The loan will be secured with a minimum of 80 percent throughout the loan period.

Conditional on a successful private placement, the extended loan facility is expected to be finalized in December 2023.

Borgestad ASA has a maturity on the bond loan, BOR04, on January 8th, 2024. Borgestad has too high debt level in relation to cash flow obtained from the investments, in addition Borgestad would expect a interest level that would not be sustainable for the company, if the bond loan would be renewed or amended.

The repayment of such bond loan on or before the maturity date, and the partial repayment of the loan facility in Agora Bytom in order to extend such loan facility, form part of a contemplated financial restructuring of the Group. As part of such restructuring, the Company will seek to raise MNOK 250 in new equity to repay the bond loan and carry out the partial repayment of the Agora Bytom Facility. Borgestad has in this respect mandated Arctic Securities AS and SpareBank 1 Markets AS to

seek to execute a private placement of new shares.

The MNOK 250 million private placement is expected to be launched within short time. Conditional on a successful private placement and completion of the sale and leaseback transaction with Bjuv municipality, Borgestad will be fully financed.

Borgestad Group will after a successful private placement, completion of the sale and leaseback transaction, payment in accordance with the arbitration award in the arbitration case in Vienna, and extension of the Agora Bytom loan facility have estimated net debt of MNOK 236 compared to a net debt per September 30th, 2023, of MNOK 678.

In addition, and subject to successful completion of the private placement, the company's board of directors will propose to the general meeting that a subsequent repair issue directed towards investors that were not allocated new shares in the private placement is carried out.

Real Estate

(MNOK)	2023		2022	
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
Revenue	16	16	51	46
EBITDA	8	7	28	24
Earnings before financial items and tax (EBIT)*	-58	5	-42	16

* Borgestad has recognized a write-down for Agora Bytom at MNOK 59.7 in the third quarter of 2023, more information at page 9.

Borgestad considers a diverse tenant mix as a prerequisite for future revenue growth.

Tenants of Agora Bytom have increased revenues by 4.0 % the first three quarters of the year compared with 2022.

Turnover among Agora Bytom's tenants has increased with 4.0 percent in the three first quarters of 2023 compared with same period in

2022. The number of visitors increased by 4.5 percent in the first three quarters of 2023 compared to the same period in 2022. Agora Bytom has had approximately 4.8 million visitors in the center over the last rolling twelve months.

In the third quarter, the property segment achieved rental income and EBITDA of MNOK 16.2 and MNOK 8.0, respectively, compared to MNOK 15.7 and MNOK 7.4 in 2022. The increase in revenue and EBITDA in the third quarter for the property segment is attributed to

currency effects due to the weakened Norwegian krone against the euro. Over the last rolling twelve months, the property segment has generated revenue of MNOK 65.9 and an EBITDA of MNOK 37.3, representing an increase of 8.7 and 12.0 percent, respectively, compared to 2022.

Agora Bytom holds a strong position in the local market and maintains a high occupancy rate. Continuous efforts are made to further develop the center, and despite challenges related to reduced purchasing power and significant inflation, the rental market is active, with Agora Bytom currently in negotiations with several potential new tenants.

The number of visitors to Agora Bytom increased by 4.5 % the first three quarters of the year compared with 2022.

In 2023, as previously communicated, changes have been made to the areas of several tenants. As a result, some larger tenants have been temporarily closed. Approximately 25 percent of these areas reopened in mid-July, while approximately 50 percent of the temporarily closed areas reopened in August, and the remaining 25 percent will open in November 2023. The new bookstore, Empik, announced in

the first quarter report, opened at the end of September 2023. The WAULT¹ by area and income are at 30th of September 2023 respectively 3.67 years and 3.44 years.

Borgestad expects revenue and EBITDA to remain stable in the future.

There is still high inflation and rising interest rates in Poland and the rest of Europe, which has a negative impact on the required return (yield) for properties in 2023. The changes in 2023 affect the valuation of Agora Bytom negatively. Borgestad has recognized a write-down for Agora Bytom at MNOK 59.7 in the third quarter of 2023. The write-down is the result of change in yield used in the valuation of Agora Bytom. The yield used in the valuation per September 2023 has increased by 0.5 per cent compared to the valuation obtained per December 2022. For more detailed information, the Board refers to note 5 in the quarterly report.

The valuation is based on different parameters, the parameter relates to rental income measured at the signed average euro per sqm per month for Agora Bytom are in addition to the yield the key parameter for the estimated value in the valuation. For Agora Bytom the actual signed euro per sqm per month has increased since the last valuation, from euro 15,6 per sqm per month to euro 16,2 per sqm per month.

Refractory

(MNOK)	2023	2022	2023	2022
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
Revenue	361	270	861	674
EBITDA	78	27	87	27
Earnings before financial items and tax (EBIT)	75	21	77	13

In 2022, refractory products were significantly affected by increased raw material prices and

energy costs. So far in 2023, the overall trend for raw material prices has been stable. A slight

¹ Weighted average unexpired lease term.

decrease in raw material prices and finished product prices for refractory products is expected in the future due to reduced demand, including lower activity in the steel industry.

Several of Höganäs Borgestad's customers have reduced production due to lower demand and reduced prices to customers, especially in the steel industry. At the same time, several of Höganäs Borgestad's customers will use the upcoming periods to invest in upgrades and maintenance of their applications, increasing revenue in installation services. Höganäs Borgestad has a normal order intake and order backlog for the upcoming period.

The refractory segment increased its revenues by 27.8 % in the first three quarters of the year compared with 2022.

In the first three quarters of the year, the refractory segment achieved a revenue of MNOK 860.8 which is an increase of 27.8 percent compared to the same period of 2022. EBITDA for the three first quarters of 2023 improved by MNOK 13.3, excluding the positive

EBITDA effect from the arbitration ruling, compared to the same period in 2022. For the last rolling twelve months, the refractory segment has generated a revenue of MNOK 1,059.5 and an EBITDA of MNOK 44.4 excluding the positive EBITDA effect from the arbitration ruling, compared to MNOK 872.3 and MNOK 31.1 in revenue and EBITDA, respectively, for 2022.

Höganäs Borgestad Group reduced its inventory by MNOK 39.0 in the third quarter and will continue working to reduce inventory in 2023.

On July 7th, 2023, the Arbitration Court in Vienna informed about the outcome of the arbitration case regarding Macon AB, a partially owned subsidiary of Borgestad ASA, which is part of the Höganäs Borgestad Group. The Arbitration Court ruled in favor of Macon on all points. The customer is ordered to pay the main claim, along with delay interest, and part of the legal costs, with a total claim of approximately MEUR 5.8. The Borgestad board is satisfied with the outcome and considers the judgment to be correct according to the contract and the conditions that were the subject of the dispute.

Other Activities Including the Group

(MNOK)	2023	2022	2023	2022
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
EBITDA	-3	-2	-7	-9
Earnings before financial items and tax (EBIT)	-3	-2	-8	-10

Other activities primarily include the group company Borgestad ASA.

In 2023, Borgestad ASA entered into a service agreement with Q4 Næringsmegling AS for the sale of the head office located at Gunnar Knudsens veg 144.

The head office was introduced to the market for sale in February 2023, with an asking price of MNOK 16. As of the end of the third quarter of 2023, the building has not been sold.

Subsequent events

Sale and leaseback transaction for production facilities in Sweden

Höganäs Bjuf Fastighets AB, an indirect subsidiary of Borgestad ASA, entered on October 27th, 2023, into a conditional agreement with Bjuv municipality in Sweden for a sale and leaseback transaction for two properties in Sweden where the group's production plant and other production facilities for refractory products are located.

Borgestad Group will sell the two properties, including the production facilities, to Bjuv municipality and then lease the production facilities back to continue its production of refractory products in line with previous practice. Prior to completion of the transaction, the two properties will be transferred to a new wholly owned subsidiary of Höganäs Bjuf Fastighet AB, and the transaction will be structured as a sale by Höganäs Bjuf Fastighet AB of the shares in such subsidiary.

The two properties are in the transaction valued at SEK 145 million. The purchase price shall be settled in cash in three installments; 60 percent will be payable upon completion of the transaction, 20 percent will be payable 12 months after completion and the remaining 20 percent will be payable 24 months after completion.

The transaction will trigger a stamp duty of approximately SEK 3.8 million payable by Höganäs Bjuf Fastighet AB, resulting in a net

cash effect for the group of approximately SEK 141,2 million. The accounting gain associated with the sale will be recorded upon completion of the transaction.

The net proceeds from the transaction are expected to be used to reduce the Group's outstanding interest-bearing debt.

The exact size of the production facilities to be leased back is yet to be determined, but Borgestad expects it to be between 22,500 and 30,000 square meters. No rent will be payable for the first 24 months after completion of the transaction. Thereafter, an annual rent of SEK 200 per square meter will be payable. The rental period will be maximum five years, with a unilateral right for Höganäs Bjuf Fastighet AB to terminate the lease at any time with six months' notice.

The Borgestad group will also be granted an option from Bjuv municipality to purchase another property of 30,000 square meters located in the municipality for a price of SEK 150 per square meter.

Completion of the transaction is subject to approval from the Municipal Council of Bjuv and certain other customary closing conditions and is expected to take place in the first quarter of 2024.

Outlook

Conditional on a successful private placement, completion of the sale and leaseback transaction with Bjuv municipality and the completion of the refinancing of Agora Bytom, Borgestad will be fully financed. The Board of Directors expect

that the Group will improve results and generate positive cash flow going forward on a mid-term period. After the total refinancing process, the Group estimate to have a more sustainable balance sheet, and will focus the resources within the Group to improve the operational performances.

Borgestad, November 6th, 2023

Board of Directors, Borgestad ASA

Glen Ole Rødland
Chairman

Helene Bryde Steen
Board Member

Jacob Andreas Møller
Board Member

Wenche Kjølås
Board Member

Jan Erik Sivertsen
Board Member

Pål Feen Larsen
CEO

The document is electronically signed.

Condensed Interim Financial Statements

As per 30 September 2023

Consolidated Statement of Comprehensive Income

(NOK 1,000) (Unaudited)	Note	2023 3rd quarter	2022 3rd quarter	2023 1st-3rd quarter	2022 1st-3rd quarter
Revenue and other income	2	376,782	286,165	912,120	719,918
Cost of goods sold		248,248	144,200	633,240	360,918
Salary and personnel expenses		33,126	79,708	107,587	225,942
Other expenses		12,159	29,629	63,405	90,910
Total operating expenses		293,533	253,537	804,232	677,770
EBITDA		83,249	32,628	107,888	42,148
Depreciation		9,931	8,720	21,069	23,152
Impairment of non-current assets		59,742	-	59,742	-
Operating profit	2	13,575	23,908	27,078	18,996
Financial items					
Foreign currency gain/(-) loss		-970	2,777	14,014	2,777
Interest expenses		13,348	12,734	34,327	36,018
Other financial income/(-) expenses	4	-50	52	-154	-223
Net financial items		-14,367	-9,904	-20,467	-33,464
Profit before taxes	2	-792	14,004	6,611	-14,467
Income tax		16,738	3,906	17,052	8,970
Profit for the periode		-17,530	10,098	-10,441	-23,437
Allocated as follows:					
Non-controlling interest's share of the profit		19,598	6,972	16,412	3,177
Controlling interest's share of the profit		-37,128	3,126	-26,853	-26,614
Earnings per share (NOK)		-0.24	0.03	-0.18	-0.17
Condensed consolidated statement of comprehensive income					
Net income		-17,530	10,098	-10,441	-23,437
Exchange rate calculation consolidated companies		-22,333	17,338	27,008	15,782
Change in fair value of cash flow hedging		-2,940	2,631	-5,360	2,731
Tax relating to fair value of cash flow hedging		559	-500	1,018	-519
change in other equity transactions		0	6	-1	855
Other income and expenses may be reclassified over profit		-24,714	19,475	22,666	18,849
Result for the year after total comprehensive income and expenses		-42,244	29,573	12,225	-4,589
Non-controlling interest's share of total comprehensive income		18,696	7,285	18,176	3,106
Controlling interest's share of total comprehensive income		-60,940	22,289	-5,951	-7,694

Consolidated Balance Sheet

(NOK 1,000) (Unaudited)	Note	2023 30/9/	2022 30/9/	2022 31/12/
Assets				
Investment property	5	732,603	846,478	745,008
Buildings and plant		24,857	23,766	28,515
Fixtures, machinery and vehicles		27,592	38,138	34,448
Right-of-use assets		33,003	31,435	33,352
Licences, trade marks and similar rights		28,197	25,696	25,591
Goodwill		88,732	88,156	87,165
Other financial assets		10,149	24,940	37,572
Other shares	6	1,721	3,279	1,852
Deferred tax asset		19,159	20,944	17,623
Total non-current assets		966,012	1,102,832	1,011,126
Inventories		116,828	155,203	147,280
Trade receivables		252,846	248,242	202,585
Other receivables		70,976	12,472	14,508
Cash and cash equivalents		52,019	67,247	91,059
Total current assets		492,669	483,164	455,432
Non-current assets classified as held for sale	7	12,682	-	-
Total assets		1,471,362	1,585,996	1,466,558

Consolidated Balance Sheet, continued

(NOK 1,000) (Unaudited)	Note	2023 30/9/	2022 30/9/	2022 31/12/
Equity and liabilities				
Share capital		152,491	152,491	152,491
Treasury shares		-8	-80	-80
Share premium		335,310	347,566	335,382
Total paid-in capital		487,793	499,976	487,792
Other reserves		151,870	125,728	137,106
Other equity		-192,407	-88,161	-171,692
Retained earnings		-40,536	37,567	-34,585
Non-controlling interest		72,841	60,964	54,665
Total equity		520,098	598,507	507,872
Interest-bearing debt	4	10,000	492,601	480,258
Bond loan	4	-	94,252	96,581
Other non-current liabilities		50,488	55,655	631
Lease liability		28,882	26,328	29,008
Pension liabilities		5,186	6,183	5,987
Deferred tax		2,775	13,373	1,503
Total non-current liabilities		97,331	688,392	613,967
Bond loan	4	97,365	-	-
Interest-bearing debt	4	456,866	30,340	30,533
Lease liability		8,461	9,453	8,869
Bank overdraft		44	50,696	58,537
Trade payables		76,312	71,838	83,631
Tax payables		16,436	-	1,681
Public duties payable		39,319	44,448	23,852
Other short-term liabilities		106,439	92,322	137,615
Total current liabilities		801,240	299,097	344,718
Liabilities classified as held for sale	7	52,693		-
Total equity and liabilities		1,471,362	1,585,996	1,466,558

Consolidated Statement of Cash Flows

(NOK 1 000) (Unaudited)	Note	2023	2022
		1st-3rd quarter	1st-3rd quarter
Cash flow from operating activities before balance changes		85,740	7,372
+/- Balance changes		-13,526	-106,762
Net cash flow from operating activities		72,214	-99,390
Payments to other investments		-13,840	-14,928
Inflows from other investments		927	9,705
Net cash flow from investing activities		-12,913	-5,223
Loan repayment		-39,848	-190,971
Receipts by rights issue		-	263,797
Net change in bank overdraft		-58,493	50,696
Net cash flow from financial activities		-98,342	123,522
Cash flow for the period		-39,040	18,910
Cash and cash equivalent at beginning of period		91,059	48,337
Cash and cash equivalent at end of period		52,019	67,247
Available liquidity at end of period		108,742	71,296

Statement of Change in Equity

(NOK 1,000)	Share capital	Share premium reserve	Treasury shares	Fair value reserve of debt instruments at FVOCI	Translation differences	Total other equity	Non-controlling interests	Total equity
Equity as at 01/01/2022	12,725	223,534	-80	-3,911	111,645	-62,474	57,858	339,297
Profit for the period		-12,019				-112,786	-1,304	-126,109
Other comprehensive income		-165		17,471	11,901	3,569	-1,888	30,887
Issue of share capital	139,766	124,032						263,798
Equity as at 31/12/2022	152,491	335,382	-80	13,560	123,546	-171,691	54,665	507,873
Equity as at 01/01/2023	152,491	335,382	-80	13,560	123,546	-171,691	54,665	507,873
Profit for the period						-26,853	16,412	-10,441
Other change		-73	73					-
Other comprehensive income				-4,341	19,105	6,138	1,764	22,666
Equity as at 30/09/2023	152,491	335,309	-8	9,219	142,651	-192,406	72,842	520,098

Share Information

Number of shares	Ordinary shares issued	Treasury shares	Ordinary shares outstanding
01/01/2022	12,724,832	-8,010	12,716,822
Issued new share capital	139,766,019		139,766,019
31/12/2022	152,490,851	-8,010	152,482,841
Change 2023	-	-	-
30/09/2023	152,490,851	-8,010	152,482,841

Notes to the Condensed Interim Financial Statements

Note 1 – Accounting Principles and Comparable Numbers

All reported figures in the financial statements are based on International Financial Reporting Standards (IFRS). Borgestad's accounting principles are presented in Borgestad's Financial Statements - 2022.

The interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with Borgestad's *Financial Statements - 2022* that are a part of *Borgestad's Annual Report - 2022*.

The interim financial information has not been subject to audit or review.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and disclosure of potential obligations. This applies in particular to depreciation of fixed assets, impairment of goodwill, valuations related to acquisitions, and pension obligations. Future events may cause the estimates to change. Estimates and their underlying assumptions are assessed on an ongoing basis and are based on best judgment and historical experience. Changes in accounting estimates are recognized in the period in which the changes occur. If the changes also relate to future periods, the effect is distributed over the current and future periods.

Note 2 Operating segment information

Group	2023		2022	
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
(NOK 1,000)				
Revenue	376,782	286,165	912,120	719,918
EBITDA	83,249	32,628	107,888	42,148
Depreciation	9,931	8,720	21,069	23,152
Impairment of non-current assets	59,742	-	59,742	-
Operating profit (EBIT)	13,575	23,908	27,078	18,996
Financial items	-14,367	-9,905	-20,467	-33,464
Profit before tax	-792	14,004	6,611	-14,467

Property segment	2023		2022	
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
(NOK 1,000)				
Revenue	16,154	15,689	51,226	45,914
EBITDA	8,021	7,363	28,161	24,169
Depreciation	6,096	2,795	10,295	8,227
Impairment of non-current assets	59,742	-	59,742	-
Operating profit (EBIT)	-57,816	4,568	-41,876	15,942
Financial items	-6,946	-1,745	-2,514	-12,765
Profit before tax	-64,762	2,823	-44,390	3,177

Refractory segment	2023		2022	
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
(NOK 1,000)				
Revenue	360,653	270,408	860,842	673,698
EBITDA	78,091	27,117	86,846	27,117
Depreciation	3,440	5,655	10,082	14,120
Operating profit (EBIT)	74,651	21,461	76,764	12,996
Financial items	-7,356	-2,010	-14,104	-3,995
Profit before tax	67,295	19,451	62,660	9,001

Other and eliminations	2023		2022	
	3rd quarter	3rd quarter	1st-3rd quarter	1st-3rd quarter
(NOK 1,000)				
EBITDA	-2,863	-1,851	-7,118	-9,137
Depreciation	396	269	692	804
Operating profit (EBIT)	-3,259	-2,121	-7,810	-9,942
Financial items	-65	-6,149	-3,849	-16,703
Profit before tax	-3,324	-8,270	-11,659	-26,645

Note 3 Significant events in 2023

Arbitration result

The Vienna International Arbitral Centre informed on July 7th, 2023 the outcome of the arbitration case concerning Macon AB, a partially owned subsidiary of Borgestad ASA, which is part of the group's Refractory segment.

In 2016, Macon AB delivered a major project to a customer in Russia. The customer did not pay an outstanding amount of approx. SEK 25 million to Macon, and in 2017 Macon went to arbitration against the customer with a demand for payment of the outstanding amount. The customer submitted a counterclaim against Macon of EUR 7 million.

The Court of Arbitration has ruled in Macon's favor on all points. The customer is sentenced, as far as the main claim is concerned, to pay Macon approx. EUR 2.75 million (excl. VAT), with the addition of interest of 9.2 % p.a. in an amount of approx. EUR 2.49 million from October 22nd, 2016 until payment takes place. The customer is not successful in his claim counterclaim. In addition, the customer is ordered to cover Macon's legal costs with approx. 18 million. In total, Macon has a claim to approx. EUR 5.8 million against the customer. The judgment is final and cannot be appealed.

Macon has initiated a process to recover the relevant amounts from the customer. The claim against the customer fell due on July 11th, 2023 late payment interest accrues from and including July 12th, 2023 until the claim is settled by the customer. The customer has confirmed ability to settle the claim in line with the judgment handed down.

The project with the customer is recognized as income in 2016 according to current accounting principles. Accounting gain as a result of the judgment is estimated to be in the order of approx. NOK 46,4 million, depending on exchange rates etc., and the outcome of the ruling are accounted for in third quarter of 2023.

Note 4 Interest-bearing debt

The outstanding amount under the bond loan with maturity date on January 8, 2024 is MNOK 100. As a consequence of it being less than a year until maturity, the loan is classified as short-term in the balance sheet as at 30th September 2023. The interest terms are 3 months NIBOR in addition to a rental margin of 5 per cent. The bond loan is booked at amortized cost.

Agora Bytom Sp. z o.o. has a loan of MEUR 40.4 in Bank Pekao in Poland as of 30th September 2023. The loan is booked at amortized cost. The loan matures on June 30, 2024, and as a consequence of the fact that there is less than a year to maturity, the loan is classified as short-term in the balance sheet as of 30 September 2023. 80 percent of the loan commitment is interest-secured with a fixed interest rate of 0.3 percent beyond the interest margin of 2.80 per cent until maturity.

Höganäs Borgestad has mortgage debt of MNOK 64.6 in Nordea as of September 30th, 2023. Loan maturity is June 30th, 2025 or later. Part of the loan, MNOK 52.7, are reclassified as mortgage in connection to assets held for sale at September 30th, 2023. In addition the group has MSEK 70 in credit facilities for ongoing financing of working capital. The credit facility had been drawn with MSEK 0,1 at 30th of September 2023.

Höganäs Borgestad has a debt to the Swedish tax authorities of a total of MSEK 75. MSEK 26.3 is due in 2024 and the remaining debt is due in 2025 and 2026. The interest terms are currently 5.00 per cent with

an additional 2.4 per cent. In the balance sheet, the debt is classified as long-term debt and other short-term debt. The debt arose during the Covid period as a postponement of payment of taxes and duties and was the Swedish authorities' assistance during the pandemic.

Note 5 Investments property

(NOK 1,000)	2023	2022
	01/01 - 30/09	01/01 - 31/12
Opening balance as at 1st of January	745,008	805,646
Additions	5,131	3,427
Depreciation	10,295	11,352
Write downs	59,742	91,343
Translation differences	52,501	38,630
As at period end	732,603	745,008

Specification	2023	2022
	01/01 - 30/09	01/01 - 31/12
Rental income	51,226	62,197
Direct operating expenses generating rental income	23,065	26,413
Depreciation	10,295	11,352
Write downs	59,742	91,343
Depreciation method	1%	1%

A valuation carried out in September 2023 estimated a value for the investment property Agora Bytom Sp. z o.o of between MEUR 63.2 and MEUR 67.1, which gives a valuation of between MNOK 710.7 and 755.3 MNOK (exchange rate EUR/NOK 11,2535). The valuation indicates a midpoint of MEUR 65.1 / MNOK 733.0.

The valuer has the relevant expertise and knowledge, including knowledge of the Polish market, to be able to value the property.

The assumptions used by the independent valuer are included in the table and text below:

Property Value Estimation (TEUR)		
	Low case	High case
Rental income	6,672	6,672
Operating cost and vacancy rate (3 %)	1,284	1,284
Net operating income	5,389	5,389
Yield	8.50%	8.00%
Property value	63,394	67,356
6 months void for vacant contracts	-240	-240
Property value (adjusted)	63,155	67,117

Both low and high value assumes a future normalized average rent of EUR 16.2 per sqm per month. Actual achieved rent per month on signed contracts is EUR 16.3 per sqm per month for retail contracts, including non-retail the rent level is on average EUR 16.2 per sqm per month. Prime rental levels for shopping centers in cities such as Bytom in Poland have in recent years been in the range of EUR 20-30 per square meter per month. The highest rental level Agora Bytom has achieved in the last four years is

approx. EUR 16.4 per sqm per month. Given the current market situation, it is not estimated to be realistic to achieve a higher rental level in the coming years.

With a value of MEUR 65.1, an internal rate of return of 10.0 per cent is estimated for the investor (without leverage), given sales after ten years at a net yield of 8.50 per cent.

Sensitivity analysis for investment property (MEUR)

		EUR/sqm per month			
Yield sensitivity		15.5	16.2	16.5	17.0
YIELD	6.75%	76	80	81	84
	7.00%	73	77	78	81
	7.25%	70	74	76	78
	8.25%	62	65	66	69
	8.50%	60	63	65	67
	8.75%	58	61	63	65

		Net Operating Income (EUR)			
Yield sensitivity		5,000,000	5,250,000	5,500,000	5,750,000
YIELD	6.75%	74	78	81	85
	7.00%	71	75	78	82
	7.25%	69	72	76	79
	8.25%	60	63	66	69
	8.50%	59	62	64	67
	8.75%	57	60	63	65

Note 6 Fair value

(NOK 1 000)	Total	Level 1	Level 2	Level 3
Non-listed equity instruments	1,721	7	-	1,714
Interest rate swap	9,520	-	9,520	-
Total financial assets	11,242	7	9,520	1,714

	2023	2022
Reconciliation of recurring level 3 measurements	30/9/	31/12/
Balance sheet as of 01.01.	1,845	4,247
Sale	-	-2,429
Translation differences	-131	27
Balance sheet periode end	1,714	1,845

Note 7 Assets and liabilities classified as held for sale

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan to sell will be withdrawn. In addition, management must be committed to the plan, and it is expected that the sale will be completed within a year.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Asset	2023
(NOK 1,000)	30/9/
Buildings and plant	12,682
Total assets classified as held for sale	12,682
Liabilities	2023
(NOK 1,000)	30/9/
Non-current liabilities	
Long-term interest-bearing liabilities	43,911
Total non-current liabilities	43,911
Current liabilities	
Short-term interest-bearing liabilities	8,782
Total current liabilities	8,782
Total liabilities classified as held for sale	52,693

Alternative Performance Measures (APMs)

Alternative performance measures, i.e., financial targets that are not defined or stated in the relevant regulations for reporting historical financial information, are used by Borgestad in order to be able to provide supplementary information by excluding items which, in Borgestad's assessment, do not give a good indication of periodic operating profit or cash flow. Financial alternative performance measures are intended to provide better comparability of results and cash flows from period to period, and it is Borgestad's experience that these are often used by analysts, investors, and other actors. Borgestad uses the same performance targets internally in the work to further improve results and profitability in the business by setting long-term financial targets. Borgestad's alternative performance measures are defined based on adjusted IFRS concepts and are defined, calculated, and used in a consistent and transparent manner over time where it is relevant in all business areas and in the Group as a whole. Financial alternative performance measures must not be considered a substitute for reported results in accordance with IFRS.

Borgestad's financial alternative performance measures:

EBITDA: EBIT + depreciation, amortization and write-downs.

EBIT: Profit before financial items and tax.

Return on equity: Profit before tax expense, minus payable tax, minus unrealized premium, as a percentage of average equity.

Return on total capital: Profit before tax plus interest costs as a percentage of average total capital.

Liquidity ratio: Current assets as a percentage of short-term debt.

Equity share: Booked equity including minority interests as a percentage of total capital.

Bank deposits and securities: Bank and short-term financial investments.

Interest-bearing debt: Long-term and short-term loans, including financial leasing obligations.

Profit: Net profit divided by the average number of shares.

Cash flow: Cash flow divided by the average number of shares.

	2023	2022	2022	2021	2020
EBITDA adjusted	1st-3rd quarter	1st-3rd quarter			
EBITDA	107 888	42 148			
Gain resulting from the arbitration case	-46 077	-	0	0	0
EBITDA adjusted	61 811	42 148	-	-	-

EBITDA adjusted segment property	2022	2021	2020
EBITDA	33	68	24
EBIT	0	0	0
Gain sale of property	0	41	0
EBITDA adjusted segment property	33,3	27,7	23,8

Income adjusted segment property	2022	2021	2020
Income	61	95	59
Gain sale of property	0	41	0
Income adjusted segment property	60,6	54,7	58,6

Return on equity	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Total equity	520 098	598 507	507 873	339 297	383 758
Average equity	559 303	468 902	423 585	361 527	448 774
Profit before taxes	6 611	-14 467	-124 320	-39 975	-162 238
Foreign currency gain/(-) loss	14 014	2 777	-6 839	-2 142	5 984
Return on equity in %	3,7 %	-2,5 %	-31,0 %	-11,6 %	-34,8 %

Return on total capital	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Total capital	1 471 362	1 585 996	1 466 558	1 431 627	1 534 153
Average capital	1 528 679	1 508 812	1 449 093	1 482 890	1 585 147
Profit before taxes	6 611	-14 467	-124 320	-39 975	-162 238
Interest expenses	14 014	2 777	47 429	52 664	52 318
Return on total capital in %	1,3 %	-0,8 %	-5,3 %	0,9 %	-6,9 %

Liquidity ratio	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Current assets	505 351	483 164	455 432	357 058	368 954
Current liabilities	853 934	299 097	344 718	552 739	384 665
Liquidity ratio in %	59,2 %	161,5 %	132,1 %	64,6 %	95,9 %

Equity ratio	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Total equity	520 098	598 507	507 873	339 297	383 758
Total capital	1 471 362	1 585 996	1 466 558	1 431 627	1 534 153
Equity ratio in %	35,3 %	37,7 %	34,6 %	23,7 %	25,0 %

IBD (Interest-bearing debt)	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Other non-current liabilities	75 707	55 655	52 194	79 296	0
Mortgage debt	519 559	522 941	510 791	523 047	572 491
Bond loan	97 365	94 252	96 581	264 885	260 600
Lease liability	37 342	35 781	37 877	32 372	26 733
Bank overdraft	44	50 696	58 537	0	81 335
Total interest-bearing debt	730 017	759 325	755 980	899 599	941 159

NIBD (Net Interest-bearing debt)	2023	2022	2022
	1st-3rd quarter	1st-3rd quarter	
IBD (Interest-bearing debt)	730 017	759 325	755 980
Cash	52 019	67 247	91 059
Total	677 998	692 078	664 920

NIBD/EBITDA	2023	2022	2022
	1st-3rd quarter	1st-3rd quarter	
NIBD (Net Interest-bearing debt)	677 998	692 078	664 920
EBITDA	83 249	32 628	52 293
Total	8,1	21,2	12,7

Profit per share	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Controlling interest's share of the profit	-26 853	-26 614	-124 805	-24 077	-165 509
Average no of shares	152 483	98 697	112 144	12 717	12 715
Profit per share in %	-0,18	-0,27	-1,11	-1,89	-13,02

Cash per share	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Cash flow	52 019	67 247	42 722	-13 594	-41 697
Average no of shares	152 483	98 697	112 144	12 717	12 715
Cash per share in %	0,34	0,68	0,38	-1,07	-3,28

Working capital	2023	2022	2022	2021	2020
	1st-3rd quarter	1st-3rd quarter			
Current assets	505 351	483 164	455 432	357 058	368 954
Current liabilities	853 934	299 097	344 718	552 739	384 665
Working capital	-348 583	184 067	110 714	-195 681	-15 711



Gunnar Knudsensveg 144
3712 Skien
Norway

+47 35 54 24 00
post@borgestad.no
borgestad.no