



BORGESTAD ASA

Fourth Quarter 2023 Report

February 15, 2024

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Highlights and Key Figures

Highlights

- 1 Cashflow from operations improved by MNOK 210 in 2023, from negative MNOK 52 in 2022 to positive MNOK 158 in 2023. Significant improved capital efficiency in Höganäs Borgestad during 2023, NWC¹ reduction of MNOK 28,3.
- 2 New equity, after transaction costs, of MNOK 296.7.
- 3 Net interest-bearing debt reduced from MNOK 689 at 31.12.22 to MNOK 293 at 31.12.23. After closing of sale leaseback transaction in Bjuv (expected in 2024) net interest-bearing debt estimated at MNOK 152
- 4 Agora Bytom refinanced with new maturity date 31.12.28

Key Figures

MNOK	Q4		Q1-Q4	
	2023	2022	2023	2022
Operating income	229	212	1 141	932
EBITDA	9	10	117	52
Depreciation & Impairment of non-current assets	6	100	86	123
Operating profit (EBIT)	3	-90	30	-71
Profit before tax	2	-110	9	-124

MNOK	31.12.2023	31.12.2022
Cash	165	91
Available liquidity at end of period	199	86
IBD	458	780
NIBD	293	689
NIBD/EBITDA	2,5	13,2
Equity ratio	55 %	38 %

¹ NWC = Net working capital

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 sqm and more than 30,000 sqm of rental area. 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

The fourth quarter of 2023 was a transformatory period for Borgestad, with a continued positive operational development for our two businesses, in addition to the significant financial restructuring and the positive outcome (payment) of the arbitration process in Vienna. These developments position Borgestad as a financially strong investment company, and the ongoing strategy process will outline the priorities for growth and value creation to leverage on the opportunities.

We have completed a total refinancing through a private placement and a subsequent repair issue, which means that Borgestad is now fully financed, and has a sustainable balance sheet. The Group repaid MEUR 10 on the mortgage in Agora Bytom in December 2023, and received payment of the entire amount outstanding from the arbitration court case, amounting to MEUR 5.9. The working capital of the Group has developed positively in 2023, and this improvement, together with the payment from the outcome of the arbitration judgment, meant that Höganäs Borgestad could pay off the entire outstanding tax debt in Sweden of MSEK 75. The Group's balance sheet has been significantly improved with a change from net interest-bearing debt per September 30, 2023, of MNOK 689, to a net interest-bearing debt of MNOK 293 as of December 31, 2023, reflecting a robust financial position.

In December 2023, the saleleaseback agreement was approved by the municipality in Bjuv, but the completion of the transaction is currently subject to the resolution of a complaint filed with the Administrative Court in Malmö. Following the finalization of this last hurdle we will sell two properties, including the production facilities, to Bjuv municipality and then only lease the production facilities needed. The net proceeds of approximately MSEK 141.2 from the transaction are expected to be used to reduce the group's outstanding debt and increase the liquidity for the Group. Estimated net interest-bearing debt for the Group will be approximately MNOK 152 after completion of the transaction. This value-creating agreement will enable us to realize the value of our properties, while right-sizing and optimizing the production facilities and further strengthen our financial situation.

To summarize, Borgestad has in 2024 started the journey to establish the new platform as an active investment company. We are diligently working on the new strategy, and are already in the process of strengthening our M&A capabilities. In addition, we will begin exploring exits and/or transformational M&A and other liquidity events for Agora Bytom, which in total set the tone for an exciting 2024.

Pål Feen Larsen
CEO

Operational and Financial Review

Group Results

(MNOK)	2023	2022	2023	2022
	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
Revenue	229	212	1 141	932
Total operating cost	221	202	1 025	879
EBITDA	9	10	117	52
Depreciation	6	9	23	32
Impairment of non-current assets	0	91	63	91
Earnings before financial items and tax (EBIT)	3	-90	30	-71
Financial items	-1	-20	-21	-53
Profit before taxes	2	-110	9	-124

Borgestad Group has shown positive developments in revenue and EBITDA in 2023. Both the real estate and refractory segments increased their revenue and improved EBITDA compared to 2022. The increase in revenue and EBITDA in 2023 compared to 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 fourth quarter of 2023.

Balance Sheet

Numbers in parentheses are as of December 31, 2022.

As of December 31, 2023, the Group had total assets of MNOK 1,446.1 (1,466.6). Equity amounted to MNOK 797.6 (507.9), representing an equity ratio of 55.2 percent as of December 31, 2023, a material increase, from December 31, 2022, due to the financial restructuring completed in the end of 2023.

The Group's current assets amounted to MNOK 476.5 (455.4). Long-term debt was MNOK 379.1 (614.0), while short-term debt amounted to

MNOK 269.5 (344.7), including liabilities classified as held for sale.

In the fourth quarter, the Group increased the equity with MNOK 296.7 after deduction of costs, through a private placement and a subsequent offering. The net proceeds from the equity increase have been used to redeem the MNOK 100 bond loan, BOR04, and to repay MEUR 10 in the Agora Bytom mortgage and to increase the liquidity situation within the Group.

The mortgage debt in Agora Bytom was refinanced in December 2023, with new maturity date December 31, 2028. The loan is financed in euros through Bank Pekao SA, with outstanding debt of MEUR 29.9 as of December 31, 2023. The loan is 100 percent hedged until June 30, 2024, with a cost of 0.3 percent. Agora Bytom has an obligation to hedge minimum 70 percent of the outstanding loan before June 30, 2024. Other terms include 1-month EURIBOR plus a margin of 2.80 percent.

In the fourth quarter the Group repaid its tax debt to Swedish tax authorities of MSEK 75.4, with the addition of outstanding interest, through a voluntary early repayment.

The tax debt was originally payable in instalments in 2024, 2025 and 2026, and the prepayment is prompted due to improved

liquidity in the group following receipt of payment in accordance with the result of the arbitration case in Vienna and improved working capital in Höganäs Borgestad.

The Group has classified the production buildings and land placed in Bjuv municipality and the connected mortgage loan, as held for sale on December 31, 2023. The book value of assets held for sale is MNOK 13.2 and the connected mortgage debt is MNOK 52.4. The reason for the re-classification is that Höganäs Bjuv Fastighets AB, an indirect subsidiary of Borgestad ASA, on October 27, 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 needed. The Group will after the completion of the transaction still be the owner of all machinery and equipment used in the 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 with cash in three instalments; 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 mortgage loan, the Nordea facility.

The transaction was approved by the Municipal Council of Bjuv on December 11, 2023, but the Group has been informed that a complaint regarding the approval from Bjuv municipality has been received prior to the expiration of the appeal period. The complaint relates to the purchase price in the transaction and that this, in the claimant's opinion, significantly exceeds the

market value of the two properties. The complaint will be handled by the Administrative Court in Malmö (the Administrative Court").

The approval of the transaction by Bjuv municipality will only become binding once the complaint has been finally resolved in the claimant's disfavor, and the completion of the transaction is conditional upon such binding approval.

In the Group's view, the probability of the complaint being successful is low. However, it is currently unknown when the Administrative Court will process the complaint, and it cannot be ruled out that a decision will not be reached until after the end of the first quarter of 2024, potentially resulting in a later completion of the transaction than previously communicated (even if the complaint is decided in the claimant's disfavor). If the Administrative Court rules in favour of the claimant, there is also a risk that the transaction cannot be completed.

As of December 31, 2023, the Group's total interest-bearing debt is MNOK 458.0 (779.8) and net interest-bearing debt is MNOK 292.6 (688.8). The Group has per December 31, 2023, a sustainable balance sheet, a good cash situation, and are fully financed.

Cash Flow, Investments, and Liquidity

Numbers in parentheses are as of December 31, 2022.

The Group's cash flow from operating activities was positive at MNOK 158.7 (negative 50.6) in 2023.

Cash flow from investing activities was negative at MNOK 14.3 (negative MNOK 8.1), and cash flow from financial activities was negative at MNOK 70.0 (positive MNOK 101.5). As a result, the cash flow for 2023 was positive at MNOK 74.3 (positive MNOK 42.7).

Available liquidity as of December 31, 2023, was MNOK 198.8 (MNOK 85.5).

Real Estate

(MNOK)	2023	2022	2023	2022
	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
Revenue	18	15	69	61
EBITDA	9	9	37	33
Earnings before financial items and tax (EBIT)*	7	-85	-35	-69

* Borgestad has recognized a write-down for Agora Bytom at MNOK 61.5 in third quarter 2023 and a write-down of MNOK 91.3 in fourth quarter of 2022. More information on page 9.

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

Tenants of Agora Bytom have increased revenues by 3.7 % in 2023 compared with 2022.

Turnover among Agora Bytom's tenants has increased by 3.7 percent in 2023 compared to 2022. The number of visitors increased by 4.7 percent in 2023 compared to 2022. Agora Bytom has had approximately 4.9 million visitors in the center in 2023.

In the fourth quarter, the property segment achieved rental income and EBITDA of MNOK 17.9 and MNOK 8.9, respectively, compared to MNOK 14.7 and MNOK 9.1 in 2022. The increase in revenue in the fourth quarter for the property segment is attributed to currency effects due to the weakened Norwegian krone against the euro. The decrease in EBITDA in percentage in fourth quarter is due to increased costs related to refinancing of the mortgage loan completed in December 2023.

In 2023, the property segment has generated revenue of MNOK 69.1 and an EBITDA of MNOK 37.1, representing an increase of 14.0 and 11.5 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 4.7 % in 2023 compared with 2022.

The WAULT² by area and income are as of December 31, 2023, 3.49 years and 3.19 years respectively.

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

The high inflation and rising interest rates in Poland and the rest of Europe through 2023, have had a negative impact on the required return (yield) for properties in 2023. The changes in 2023 affect the valuation of Agora Bytom negatively, and a write-down was recognized in third quarter of 2023. By end of December 2023, the Group has updated the valuation without any changes to the recognized value. The yield used in the valuation for 2023 has increased by 0.5 per cent compared to the valuation obtained per December 2022. For additional information, the Board refers to note 5 in the quarterly report.

The valuation is based on different parameters, however, the parameter relating to rental income

² Weighted average unexpired lease term.

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 in December 2022, from euro 15.6 pr sqm per month to euro 16.4 per sqm per month.

The Group has after the completed refinancing in December 2023 a five-year bank financing with Bank Pekao, providing the Group enough time to explore exits and/or transformational M&A and other liquidity events for Agora Bytom.

Refractory

(MNOK)	2023	2022	2023	2022
	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
Revenue	211	197	1072	871
EBITDA	4	5	91	32
Earnings before financial items and tax (EBIT)	1	-1	77	12

In 2023 the overall trend for raw material and product prices has been stable compared to 2022. The raw material and refractory product market trends in 2024 are expected to develop similar to 2023.

The refractory segment increased its revenues by 23.2 % in 2023 compared with 2022.

In 2023 the refractory segment achieved a revenue of MNOK 1,072.2 which is an increase of 23.1 percent compared to 2022. EBITDA for 2023 is at MNOK 91.1, were the settlement from the Arbitration Court in Vienna is contributing with an EBITDA of MNOK 46.4. In 2023 the refractory segment has generated a revenue of MNOK 1,041.3 and an EBITDA of MNOK 44.7 excluding the positive EBITDA effect from the arbitration ruling, compared to MNOK 870.8 and MNOK 33.3 in revenue and EBITDA, respectively, for 2022.

The refractory segment has a normal order intake and order backlog for the upcoming period.

The Group reduced its inventory by MNOK 28.5 during 2023 and will continue work for reduced inventory and working capital level in general going forward, due to the seasonal fluctuations in the business it can be expected an increase in inventory level in first half of 2024 to provide materials and products for the high season in third quarter.

On July 7. 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 entire outstanding claim, EUR 5.9 million, was paid in December 2023. The Board refer to note 1 for more detailed information related to how the claim is booked in the financial statement for the group. As a result of the payment received and increased liquidity, Höganäs Borgestad repaid its tax debt to Swedish tax authorities of SEK 75.4 million, with the addition of outstanding interest, through a voluntary prepayment.

Other Activities Including in the Group

(MNOK)	2023	2022	2023	2022
	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
EBITDA	-4	-4	-12	-13
Earnings before financial items and tax (EBIT)	-5	-4	-13	-14

Other activities primarily include the group company Borgestad ASA.

Borgestad ASA have during the fourth quarter completed a significant financial restructuring process, which has increased the costs for the company in the quarter. The costs are expected to stabilize back at the same level as previous quarters going forward.

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

The head office was introduced to the market for sale in February 2023, with an asking price of MNOK 16. The building is to date not sold.

Subsequent events

Complaint regarding Bjuv municipality's approval of the sale-leaseback transaction for production facilities in Sweden

The Group has been informed that a complaint regarding the approval from Bjuv municipality has been received prior to the expiration of the appeal period. The complaint relates to the purchase price in the transaction and that this in the claimant's opinion significantly exceeds the

market value of the two properties. The complaint will be handled by the Administrative Court in Malmö (the "Administrative Court"). The Board of Directors refers to the chapter balance sheet for more detailed information about the transaction.

Outlook

The Board of Directors expect that the Group will improve results and cash flow going forward in the medium term.. After the total refinancing process, the Group has a more sustainable balance sheet and will focus the resources

within the Group to improve the operational performances.

In addition, Borgestad ASA will begin exploring the possibilities for exits and/or transformational M&A and other liquidity events for Agora Bytom.

Borgestad, February 15. 2024

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 December 31. 2023

Consolidated Statement of Comprehensive Income

(NOK 1 000) (Unaudited)	Note	2023 4th quarter	2022 4th quarter	2023 1st-4th quarter	2022 1st-4th quarter
Revenue and other income	2	229 246	211 808	1 141 366	931 726
Materials, supplies and subcontracting		105 079	83 954	587 570	444 872
Salary and personnel expenses		88 772	66 583	347 108	292 525
Other expenses		26 727	51 125	90 132	142 035
Total operating expenses		220 578	201 662	1 024 810	879 432
EBITDA		8 668	10 146	116 556	52 294
Depreciation		5 642	8 647	23 000	31 799
Impairment of non-current assets	5	-	91 343	63 453	91 343
Operating profit	2	3 026	-89 844	30 104	-70 848
Financial items					
Foreign currency gain/(-) loss		9 422	-9 616	23 437	-6 839
Interest expenses		13 013	11 411	47 340	47 429
Other financial income/(-) expenses	4	2 817	1 019	2 664	796
Net financial items		-773	-20 008	-21 240	-53 472
Profit before taxes	2	2 253	-109 853	8 864	-124 320
Income tax		12 593	-7 181	29 645	1 789
Profit for the periode		-10 341	-102 672	-20 781	-126 109
Allocated as follows:					
Non-controlling interest's share of the profit		-1 198	-4 481	15 215	-1 304
Controlling interest's share of the profit		-9 143	-98 191	-35 996	-124 805
Earnings per share (NOK)		0,07	-0,94	-0,11	-1,11
Condensed consolidated statement of comprehensive income					
Net income		-10 341	-102 672	-20 781	-126 109
Exchange rate calculation consolidated companies		2 040	-3 863	29 048	11 919
Change in fair value of cash flow hedging		-3 558	16 253	-8 918	18 984
Tax relating to fair value of cash flow hedging		493	-994	1 512	-1 513
change in other equity transactions		-6 083	620	-6 084	1 475
Other income and expenses may be reclassified over profit		-7 108	12 017	15 558	30 865
Actuarial gains and losses on defined pension plans		-2 332	28	-2 332	28
Tax effect of actuarial gains and losses on defined pension plans		513	-6	513	-6
Other income and expenses will not be reclassified over profit		-1 819	22	-1 819	22
Result for the year after total comprehensive income and expenses		-19 268	-90 633	-7 042	-95 222
Non-controlling interest's share of total comprehensive income		953	-6 299	19 130	-3 193
Controlling interest's share of total comprehensive income		-20 221	-84 335	-26 172	-92 029

Consolidated Balance Sheet

(NOK 1 000) (Unaudited)	Note	2023 31.12.	2022 31.12.
Assets			
Investment property	5	731 756	745 008
Buildings and plant		26 728	28 515
Fixtures, machinery and vehicles		28 228	34 448
Right-of-use assets		33 894	33 352
Licences, trade marks and similar rights		28 499	25 591
Goodwill		90 108	87 165
Other financial assets		6 679	37 572
Other shares	6	176	1 852
Deferred tax asset		10 431	17 623
Total non-current assets		956 498	1 011 126
Inventories		118 733	147 280
Trade receivables		184 567	202 585
Other receivables		7 763	14 508
Cash and cash equivalents		165 387	91 059
Total current assets		476 451	455 432
Non-current assets classified as held for sale	7	13 165	-
Total assets		1 446 115	1 466 558

Consolidated Balance Sheet, continued

(NOK 1 000) (Unaudited)	Note	2023 31.12.	2022 31.12.
Equity and liabilities			
Share capital		350 621	152 491
Treasury shares		-	-80
Share premium		433 900	335 382
Total paid-in capital		784 521	487 792
Other reserves		159 836	137 106
Other equity		-220 593	-171 692
Retained earnings		-60 757	-34 585
Non-controlling interest		73 795	54 665
Total equity		797 559	507 872
Interest-bearing debt	4	335 742	480 258
Bond loan	4	-	96 581
Other non-current liabilities		-	631
Lease liability		28 965	29 008
Pension liabilities		6 369	5 987
Deferred tax		7 988	1 503
Total non-current liabilities		379 064	613 967
Interest-bearing debt	4	7 620	30 533
Lease liability		9 151	8 869
Bank overdraft		24 098	58 537
Trade payables		64 070	83 631
Tax payables		12 147	1 681
Public duties payable		27 560	23 852
Other short-term liabilities		72 423	137 615
Total current liabilities		217 069	344 718
Liabilities classified as held for sale	7	52 423	-
Total equity and liabilities		1 446 115	1 466 558

Consolidated Statement of Cash Flows

(NOK 1 000) (Unaudited)	Note	2023	2022
		1st-4th quarter	1st-4th quarter
Cash flow from operating activities before balance changes		94 992	-13 962
+/- Balance changes		63 662	-36 624
Net cash flow from operating activities		158 654	-50 586
Payments to other investments		-15 616	-19 133
Inflows from other investments		1 305	10 984
Net cash flow from investing activities		-14 311	-8 149
Loan repayment		-332 305	-172 098
Receipts by rights issue		296 729	215 019
Net change in bank overdraft		-34 439	58 537
Net cash flow from financial activities		-70 016	101 458
Cash flow for the period		74 328	42 723
Cash and cash equivalent at beginning of period		91 059	48 337
Cash and cash equivalent at end of period		165 387	91 059

Statement of Change in Equity

(NOK 1 000)	Share capital	Share premium reserve	Other paid-in capital	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							-35 996	15 215	-20 781
Share capital decrease by transfer to other equity	-114 362		114 362						-
Issue of share capital	312 500	-15 771							296 729
Other change	-8	-72		80					-
Other comprehensive income					-7 406	30 135	-12 906	3 915	13 739
Equity as at 31.12.2023	350 621	319 538	114 362	-	6 154	153 681	-220 593	73 795	797 559

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	1 249 991 990	8 010	1 250 000 000
31.12.2023	1 402 482 841	-	1 402 482 841

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.

Correction of classification error in first, second and third quarter of 2023

Salary and personnel expenses related to projects in the refractory segment have by mistake been presented as materials, supplies and subcontracting in the first, second and third quarter reporting of 2023. In the attached tables, the classification mistakes are shown and reclassified from materials, supplies and subcontracting to salary and personnel expenses. The change is presented for each quarter that has been wrongly classified. The exchange rates used to convert the deviation are the average exchange rates for the respective periods.

(NOK 1 000) (Unaudited)	1st quarter	2nd quarter	3rd quarter	1st-3rd quarter
Revenue and other income	218 594	316 745	381 120	916 458
Materials, supplies and subcontracting	114 113	180 636	187 742	482 491
Salary and personnel expenses	71 789	92 915	93 632	258 336
Other expenses	25 686	25 561	16 497	67 744
Total operating expenses	211 588	299 111	297 871	808 570
EBITDA	7 006	17 633	83 249	107 888

Changes (NOK 1 000) (Unaudited)	1st quarter	2nd quarter	3rd quarter	1st-3rd quarter
Revenue and other income			-4 338	-4 338
Materials, supplies and subcontracting	31 855	58 388	60 506	150 749
Salary and personnel expenses	-31 855	-58 388	-60 506	-150 749
Other expenses			4 338	4 338
Total operating expenses	-	-	4 338	4 338
EBITDA	-	-	-	-

Reported Q1-Q3 2023 (NOK 1 000) (Unaudited)	1st quarter	2nd quarter	3rd quarter	1st-3rd quarter
Revenue and other income	218 594	316 745	376 782	912 120
Materials, supplies and subcontracting	145 968	239 024	248 248	633 240
Salary and personnel expenses	39 934	34 527	33 126	107 587
Other expenses	25 686	25 561	12 159	63 405
Total operating expenses	211 588	299 111	293 533	804 232
EBITDA	7 006	17 633	83 249	107 888

Presentation of settlement from Arbitration Court case

Final settlement after the Arbitration Court case was received in December 2023, compared to reporting in the third quarter, MNOK 4.4 has been reclassified from income to reduction of costs. The settlement of MNOK 46.4 after the Arbitration Court case is classified as MNOK 30.9 in increased income and MNOK 15.5 in reduced costs.

Note 2 Operating Segment Information

Group	2023	2022	2023	2022
(NOK 1 000)	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
Revenue	229 246	211 808	1 141 366	931 726
EBITDA	8 668	10 146	116 556	52 294
Depreciation	5 642	8 647	23 000	31 799
Impairment of non-current assets	-	91 343	63 453	91 343
Operating profit (EBIT)	3 026	-89 844	30 104	-70 848
Financial items	-773	-20 008	-21 240	-53 472
Profit before tax	2 253	-109 853	8 864	-124 320

Segment Real Estate	2023	2022	2023	2022
(NOK 1 000)	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
Revenue	17 920	14 727	69 146	60 641
EBITDA	8 934	9 111	37 095	33 280
Depreciation	1 874	3 125	8 458	11 352
Impairment of non-current assets	-	91 343	63 453	91 343
Operating profit (EBIT)	7 060	-85 357	-34 816	-69 415
Financial items	-464	-10 411	-2 978	-23 176
Profit before tax	6 596	-95 768	-37 794	-92 591

Segment Refractory	2023	2022	2023	2022
(NOK 1 000)	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
Revenue	211 323	197 106	1 072 165	870 804
EBITDA	4 212	4 743	91 058	31 860
Depreciation	3 533	5 257	13 615	19 377
Operating profit (EBIT)	679	-513	77 443	12 483
Financial items	-2 947	-10 646	-17 051	-14 641
Profit before tax	-2 268	-11 159	60 392	-2 158

Segment other and eliminations	2023	2022	2023	2022
(NOK 1 000)	4th quarter	4th quarter	1st-4th quarter	1st-4th quarter
EBITDA	-4 478	-3 710	-11 597	-12 847
Depreciation	235	266	927	1 070
Operating profit (EBIT)	-4 714	-3 975	-12 524	-13 917
Financial items	2 638	1 048	-1 211	-15 655
Profit before tax	-2 076	-2 927	-13 735	-29 572

Note 3 Significant Events in 2023

Arbitration result

The Vienna International Arbitral Centre informed on July 7, 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 the outstanding amount of approx. MEUR 2.5 to Macon, and in 2017 Macon went to arbitration against the customer for the outstanding amount. The customer submitted a counterclaim against Macon of MEUR 7.

The Court of Arbitration has ruled in Macon's favor on all points. The customer was not successful in his counterclaim. The judgment is final and cannot be appealed. The customer was sentenced, as far as the main claim is concerned, to pay Macon approx. MEUR 2.5 (excl. VAT), with the addition of interest of 9.2 % p.a. from October 22, 2016 until payment and the customer is ordered to cover part of Macon's legal costs. The customer paid 100 percent of the MEUR5.9 claim to Macon on December 19, 2023.

The project with the customer was 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. MNOK 46.4 and the outcome of the ruling was accounted for in the third quarter of 2023.

Sale and leaseback transaction for production facilities in Sweden

Höganäs Bjuv Fastighets AB ("HBF"), an indirect subsidiary of Borgestad ASA (the "Company" and, together with its consolidated subsidiaries, the "Group") entered in October 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 (the "Transaction").

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. Prior to completion of the Transaction, the two properties will be transferred to a new wholly owned subsidiary of HBF, and the Transaction will be structured as a sale by HBF of the shares in such subsidiary.

The two properties are in the Transaction valued at MSEK 145. The Transaction will trigger a stamp duty of approximately MSEK 3.8 payable by HBF, resulting in a net cash effect for the Group of approximately MSEK 141.2. The purchase price shall be settled in cash in three instalments; 60% will be payable upon completion of the Transaction, 20% will be payable 12 months after completion and the remaining 20% will be payable 24 months after completion. The accounting gain associated with the sale, which 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 mortgage 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 maximum five years, with a unilateral right for HBF 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.

The Municipal Council of Bjuv approved the Transaction December 11, 2023. The Company has been informed that a complaint regarding the approval from Bjuv municipality has been received prior to the expiration of the appeal period. The complaint relates to the purchase price in the Transaction and that this in the claimant's opinion significantly exceeds the market value of the two properties.

The complaint will be handled by the Administrative Court in Malmö (the "Administrative Court").

The approval of the Transaction by Bjuv municipality will only become binding once the complaint has been finally resolved in the claimant's disfavor, and the completion of the Transaction is conditional upon such binding approval.

In the Company's view, the probability of the complaint being successful is low. However, it is currently unknown when the Administrative Court will process the complaint, and it cannot be ruled out that a decision will not be reached until after the end of the first quarter of 2024, potentially resulting in a later completion of the Transaction than previously communicated (even if the complaint is decided in the claimant's disfavor). If the Administrative Court rules in favor of the claimant, there is also a risk that the Transaction cannot be completed.

Private placement and subsequent offering

The Company completed in fourth quarter a private placement with gross proceeds of MNOK 250 and a subsequent offering with gross proceeds of MNOK 62.5. A total of 1,250,000,000 new shares were issued in the private placement and subsequent offering at a subscription at price per share of NOK 0.25. The net proceeds from the private placement was used (i) to repay the outstanding debt under the Company's bond loan (BOR04) with a principal amount of approximately MNOK 100 (the "Bond Loan"), by carrying out a full redemption of the issued bonds at a price equal to 100% of the nominal value, (ii) to repay MEUR 10 (approximately MNOK 115) of the group's investment loan with Pekao S.A. Bank (the "Agora Bytom Loan") and (iii) for general corporate purposes.

Extension and amendments to the terms of Agora Bytom Sp. z o.o.'s loan facility

Borgestad ASA's (the "Company") subsidiary Agora Bytom Sp. z o.o. entered in December, 2023, into an amendment agreement for an extension of, and certain other amendments to, the terms of Agora Bytom Sp. z o.o.'s existing loan facility in Pekao S.A. Bank (the "Agora Bytom Facility").

The maturity date of the Agora Bytom Facility was extended from June 30, 2024 until December 31, 2028, after a partial repayment of the outstanding amount under the Agora Bytom Facility of MEUR 10. The relevant amendments of the loan terms for the Agora Bytom Facility entered into force in December 2023, and the new outstanding principal amount of the loan is MEUR 29.9.

The loan has an interest of EURIBOR 1 month plus a margin of 2.8%, and no amortization of the principal amount will be required in a period of 27 months from the date of the amendment agreement. The ISCR ratio (interest service coverage ratio) shall be minimum 1.9 during the amortization relief period. The LTV ratio (loan to value ratio) shall be maximum 60%.

Repayment of tax debt in Sweden

Höganäs Borgestad, a subsidiary of Borgestad ASA (the "Company"), repaid its tax debt on December 27, 2023, to Swedish tax authorities. A total of MSEK 75.4, with the addition of outstanding interest, was repaid through a voluntary prepayment.

The tax debt was originally payable in instalments in 2024, 2025 and 2026, and the prepayment was prompted by improved liquidity in the group following receipt of payment in accordance with the result of the arbitration case in Vienna and improved working capital in Höganäs Borgestad.

Note 4 Interest-Bearing Debt

The bond loan, BOR04, was fully redeemed on December 20, 2023. The interest terms were 3 months NIBOR in addition to a rental margin of 5 per cent. The bond loan was booked at amortized cost.

Agora Bytom Sp. z o.o. has a loan of MEUR 29.9 in Bank Pekao in Poland as of December 31, 2023. The loan is booked at amortized cost and matures on December 31, 2028. Until June 30, 2024, 100 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. Agora Bytom has an obligation to enter into an interest hedging of minimum 70 percent of the outstanding loan amount before June 30, 2024 and until maturity.

Höganäs Borgestad has mortgage debt of MNOK 63.4 in Nordea as of December 31, 2023. Loan maturity is June 30, 2025 or later. Part of the loan, MNOK 52.4, are reclassified as mortgage in connection to assets held for sale on December 31, 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 24.1 on December 31, 2023.

On 27. December the Group repaid its tax debt, MSEK 75.4, to Swedish tax authorities, with the addition of outstanding interest, through a voluntary prepayment.

Note 5 Investments Property

	2023	2022
(NOK 1 000)	01.01-31.12	01.01-31.12
Opening balance as at 1st of January	745 008	805 646
Additions	6 009	3 427
Depreciation	8 458	11 352
Write downs	63 453	91 343
Translation differences	52 650	38 630
As at period end	731 757	745 008

Specification	2023	2022
	01.01-31.12	01.01-31.12
Rental income	69 146	62 197
Direct operating expenses generating rental income	32 051	26 413
Depreciation	8 458	11 352
Write downs	63 453	91 343
Depreciation method	1 %	1 %

A valuation carried out in December 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 710.4 and 754.2 MNOK (exchange rate EUR/NOK 11.2405). The valuation indicates a midpoint of MEUR 65.1 / MNOK 731.8.

The valuer has relevant expertise and knowledge, including knowledge of the Polish market..

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 assume a future normalized average rent of EUR 16.2 per sqm per month. Actual achieved rent per month on signed contracts is EUR 16.5 per sqm per month for retail contracts, including non-retail the rent level is on average EUR 16.4 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	176	7	-	169
Interest rate swap	5 945	-	5 945	-
Total financial assets	6 121	7	5 945	169

	2023	2022
Reconciliation of recurring level 3 measurements	31.12.	31.12.
Balance sheet as of 01.01.	1 845	4 247
Write down	-1 306	-
Sale	-	-2 429
Translation differences	-370	27
Balance sheet periode end	169	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 amortized once classified as held for sale.

Asset	2023
(NOK 1 000)	31.12.
Buildings and plant	13 165
Total assets classified as held for sale	13 165

Liabilities	2023
(NOK 1 000)	31.12.
Non-current liabilities	
Long-term interest-bearing liabilities	43 306
Total non-current liabilities	43 306
Current liabilities	
Short-term interest-bearing liabilities	9 117
Total current liabilities	9 117
Total liabilities classified as held for sale	52 423

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.

EBITDA adjusted	2023	2022
	1st-4th quarter	1st-4th quarter
EBITDA	116 556	52 294
Gain resulting from the arbitration case	-46 400	0
EBITDA adjusted	70 156	52 294

Return on equity	2023	2022	2021	2020
	1st-4th quarter			
Total equity	797 559	507 873	339 297	383 758
Average equity	652 716	423 585	361 527	448 774
Profit before taxes	8 864	-124 320	-39 975	-162 238
Foreign currency gain/(-) loss	23 437	-6 839	-2 142	5 984
Return on equity in %	4,9 %	-31,0 %	-11,6 %	-34,8 %

Equity ratio	2023	2022	2021	2020
	1st-4th quarter			
Total equity	797 559	507 873	339 297	383 758
Total capital	1 446 115	1 466 558	1 431 627	1 534 153
Equity ratio in %	55,2 %	34,6 %	23,7 %	25,0 %

IBD (Interest-bearing debt)	2023	2022	2021	2020
	1st-4th quarter			
Other non-current liabilities	-	76 031	79 296	-
Mortgage debt	395 785	510 791	523 047	572 491
Bond loan	-	96 581	264 885	260 600
Lease liability	38 116	37 877	32 372	26 733
Bank overdraft	24 098	58 537	-	81 335
Total interest-bearing debt	457 999	779 816	899 599	941 159

NIBD (Net Interest-bearing debt)	2023	2022
	1st-4th quarter	
IBD (Interest-bearing debt)	457 999	779 816
Cash	165 387	91 059
Total	292 612	688 757

NIBD/EBITDA	2023	2022
	1st-4th quarter	
NIBD (Net Interest-bearing debt)	292 612	688 757
EBITDA	116 556	52 294
NIBD/EBITDA	2,5	13,2

Profit per share	2023	2022	2021	2020
	1st-4th quarter			
Controlling interest's share of the profit	-35 996	-124 805	-24 077	-165 509
Average no of shares	339 983	112 144	12 717	12 715
Profit per share in %	-0,11	-1,11	-1,89	-13,02

Cash per share	2023	2022	2021	2020
	1st-4th quarter			
Cash flow	165 387	91 059	-13 594	-41 697
Average no of shares	339 983	112 144	12 717	12 715
Cash per share in %	0,49	0,81	-1,07	-3,28

Working capital	2023	2022	2021	2020
	1st-4th quarter			
Current assets	489 616	455 432	357 058	368 954
Current liabilities	269 492	344 718	552 739	384 665
Working capital	220 125	110 714	-195 681	-15 711



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