The picture is taken by Kolbjørn Lorentsen, Sales Engineer at Höganäs Borgestad AS. The picture shows the ladle at the Wacker Holla being tapped for Si metal. The ladle is "lined" with Höganäs Flow LC 80, a monolithics product.

BORGESTAD ASA

BORGESTAD ASA ANNUAL REPORT 2023

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Highlights and key figures

Highlights

- Borgestad Group increased revenue and other income with 22.5 percentage in 2023, to NOK 1 141.4 million.
- Cashflow from operations improved by NOK 217.5 million in 2023, from negative NOK 50.6 million in 2022 to positive NOK 166.9 million in 2023. Significantly improved capital efficiency in Höganäs Borgestad during 2023, net working capital reduction of NOK 28.3 million.
- New equity of NOK 296.7 million, deducted for transaction costs.
- Net interest-bearing debt reduced from NOK 689 million at 31.12.22 to NOK 307 million at 31.12.23.
- Frode Martinussen was employed as a new CEO in Höganäs Borgestad and the strategy for Höganäs Borgestad was updated.
- On 27th October, the company announced a conditional sale and leaseback agreement with Bjuv municipality in Sweden, with a net estimated cash effect of SEK 141.3 million. The transaction is estimated to be completed in 2024 and will further decrease the net interest-bearing debt to NOK 166 million.
- Agora Bytom refinanced with new maturity date 31 December 2028.

Key figures

(NOK 1 000)	2023	2022	2021	2020
Income statement				
Revenue and other income	1 141 417	931 726	946 895	862 388
EBITDA	127 478	52 293	76 625	29 478
Depreciation	31 750	31 799	33 305	39 887
Impairment of non-current assets	94 298	91 343	-	106 029
Operating profit	1 430	-70 848	43 319	-116 439
Financial items excl. foreign currency	-49 246	-46 633	-81 152	-45 799
Foreign currency gain/(loss)	10 534	-6 839	-2 142	5 984
Profit before taxes	**-37 283**	**-124 320**	**-39 975**	**-162 238**
Profit/(loss) for the year	-63 592	-126 109	-23 598	-175 006
Balance				
Non-current assets	942 626	1 011 126	1 074 570	1 165 199
Current assets	463 752	455 432	357 058	368 954
Total assets	**1 406 378**	**1 466 558**	**1 431 627**	**1 534 153**
Total equity	755 842	507 873	339 297	383 758
Non-current liabilities	377 552	613 967	539 591	765 731
Current liabilities	272 984	344 718	552 739	384 665
Total equity and liabilities	**1 406 378**	**1 466 558**	**1 431 627**	**1 534 153**
Profit				
Return on equity	-4,2 %	-31,0 %	-11,6 %	-34,8 %
Return on total capital	1,0 %	-5,3 %	0,9 %	-6,9 %
Liquidity				
Cash flow	61 629	42 722	-13 594	-41 697
Liquidity ratio	170 %	132 %	65 %	96 %
Financial figures				
Share capital	350 621	152 491	12 725	127 248
Average no of shares	339 983	112 144	12 717	12 715
Equity ratio	53,7 %	34,6 %	23,7 %	25,0 %
Price/Book	0,6	0,4	0,3	0,5
Bank deposits and financial investments	152 688	91 059	48 337	61 931
Interest-bearing debt	459 976	779 816	899 600	941 159
Net interest-bearing debt	307 289	688 757	851 263	879 228
Key figures per share				
Profit per share	-0,23	-1,11	-1,89	-13,02
Cash per share	0,18	0,38	-1,07	-3,28
Dividend	0,00	0,00	0,00	0,00

Alternative performance measures (APMs) are described in the appendices Alternative performance measures

Board of Directors and management in Borgestad ASA

Glen Ole Rødland, Chair of the Board

Rødland was elected chairman in 2023. Rødland holds an MBA and Postgraduate Studies in Finance at the Norwegian School of Economics (NHH) and UCLA.

Røland has 30 years' experience in shipping, oil and gas service, finance and investment management. He has extensive experience as an analyst and in corporate finance from investment banking, private office and private equity. Rødland also has considerable experience as a board member and chairman of several Norwegian public and private companies, as well as international companies. As of today, he is chairman of Prosafe SE and ABL-Group ASA. Rødland has previously been a board member of Spectrum ASA (merged into TGS ASA) for more than ten years, of which seven years as chairman. He was also chairman of the board of Seadrill Ltd.

Rødland controls 60,000,000 shares corresponding to 4.28 percent in Borgestad ASA.

Wenche Kjølås, Board Member

Kjølås was elected board member in 2023. Kjølås holds, among other things, a Master of Economics and Business Administration from the Norwegian School of Economics (NHH), and Executive Management Program, Strategic Management and Innovation, INSEAD, Paris, France.

Kjølås is an experienced chair and board member with wide sector experience across listed, private, family owned and private equity firms, having served in various leadership roles throughout her career, including COO ,CEO and CFO of the Grieg Group’s holding company, Grieg Maturitas AS, Kjølås has been CEO in Kavli Norway and CFO in Kavli Holding, served on the board in Grieg Seafood ASA, Cermaq ASA, PGS ASA, DOF ASA, and chaired Magseis Fairfield ASA, Keolis Norway and Flytoget AS. Currently on the Board of DeepOcean Group Holding AS, Alginor ASA and Western Norway University.

Kjølås controls 4,000,000 shares corresponding to 0.29 percent in Borgestad ASA.

Jacob Møller, Board Member
Møller has been a board member since 2009, and was Chairman in the period 2021 - 2023. He has a degree in law from the University of Oslo and a Master in Law from the University of Cambridge. Møller has a background as a lawyer at BAHR and head of Schibsted's M&A department. Møller is currently a Partner and Head of the technology department at BAHR. He has extensive experience with board work.

Møller owns/controls 48,719,692 shares corresponding to 3.47 percent in Borgestad ASA.

Jan Erik Sivertsen, Board Member
Sivertsen was elected as a board member in 2022. He is a qualified auditor from the University of Agder. He is chairman and board member of a number of boards through active ownership under the Kontrari umbrella. Sivertsen currently works as managing director of Kontrari AS, a holding company with significant investments in several listed and unlisted companies. Sivertsen has previously been employed as finance director at B&G Group and as an authorized auditor at Iversen Revisjon AS.

Sivertsen controls 380,513,105 shares corresponding to 27.13 percent in Borgestad ASA.

Helene Steen, Board Member
Steen was elected as a board member in 2022. She has a master’s degree in shipping and finance from Cass Business School in London and a bachelor's degree from BI Business School. Over several years, she has held various positions in DNB Bank's major customer department within shipping and offshore and DNB Asset Management. Steen currently works as principal/CFO in Ses AS, a holding company with significant investments in several listed and unlisted companies.

Steen represents 209,408,501 shares corresponding to 14.93 percent in Borgestad ASA.

Pål Feen Larsen, CEO
Feen Larsen has held the position as CEO since 2019. He was employed in 2013 and from 2015 to 2019 was CFO in the Group. Feen Larsen has a master's degree in accounting and auditing at BI Business School and is a state authorized auditor. He has experience from auditing and consulting from several listed companies and other international Groups.

Feen Larsen owns 5,529,605 shares corresponding to 0.39 percent in Borgestad ASA.

CEO letter

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 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 new 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 company repaid EUR 10 million on the mortgage in Agora Bytom in December 2023, and received payment of the entire amount outstanding from the arbitration court case, amounting to EUR 5.9 million. The working capital 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 SEK 75 million. In addition, the balance sheet has been significantly improved with a change from net interest-bearing debt of NOK 689 million to a net interest-bearing debt of NOK 307 million during 2023, reflecting a robust financial position.

In December 2023, the sale leasback agreement was approved by the municipality in Bjuv, but the completion of the transaction is currrently subject to the resolvement 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 SEK 141 milllion from the transaction are expected to decrease the outstanding debt and increase the company's liquidity position. Estimated net interest-bearing debt will be approximately NOK 166 million 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 started the journey to establish the new platform as an active investment company. We are dilligently working on the new strategy and will strenghten our M&A capabilities further. 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

Corporate governance

The Norwegian Corporate Governance Board (NUES) issues the recommendation on corporate governance for companies listed in Norway, with the latest update on the code of practice 14 October 2021. The recommendation is based on share, accounting and securities legislations, as well as the Issuer Rules for Oslo Børs. Compliance with the recommendation is based on a "comply or explain" principle.

The Board of Borgestad continuously works with the company’s corporate governance, and has dedicated board meetings with corporate governance on the agenda.

Item 1 – Statement of corporate governance

The Board ensures that the company has good corporate governance. Borgestad follows all principles in the recommendation with the exception of item 6, independent meeting management of the General Meeting, and item 7, the General Meeting must establish guidelines for the Election Committee's work. This statement is part of the company's annual report and goes further than the Accounting Act in terms of the information that the company must provide.

Item 2 – Business

The company's activities are defined in § 3 of the articles of association, where the company's purpose is to carry out investment and management activities, including participation in other companies, acquisition of shares and other company shares, as well as acquisition and operation of real estate, as well as all associated activities.

The Board prepares targets, strategies and risk profiles that support value creation for shareholders in a sustainable way. The company's activities are defined in § 3 of the articles of association, where the company's purpose is to carry out investment and management activities, including participation in other companies, acquisition of shares and other company shares, as well as acquisition and operation of real estate, as well as all associated activities.

The Board prepares targets, strategies and risk profiles that support value creation for shareholders in a sustainable way.

Item 3 – Company capital and dividend

The Board must ensure that the company has a capital structure that is adapted to the company's goals, strategy and risk profile. Borgestad strives to be financed with both equity and debt. The equity share in the parent company was 82.3 per cent as of 31 December 2023. The company's equity appears in Note 12 in the parent company's accounts. The Board has authorization from the General Meeting to acquire its own shares and authorization to increase the share capital in connection with the development of the Group's investment areas and in the case of acquisitions of businesses and mergers. The authorizations apply until the ordinary general meeting in 2024, however no longer than until 30. June 2024.

The Board has implemented guidelines for dividends which form the basis for proposals put forward to the General Meeting. It will be proposed not to pay dividends for the financial year 2023.

Item 4 – Equal treatment of shareholders

The company has no restrictions regarding ownership, purchase, sale or voting rights. All shareholders have equal rights in connection with any capital increases, with the exception of those cases where the board makes use of the authority to increase the share capital granted by the general meeting.

The company publishes all share price relevant information to the market via Oslo Børs' message system and on the company's website. The company's transactions in its own shares are carried out on the stock exchange, and the company has guidelines for handling transactions with related parties and will exercise care in transactions between the company and shareholders.

Item 5 – Shares and tradability

The company has no restrictions on the right to own, trade or vote for shares in the company.

Item 6 – General Meeting

The Board makes arrangements for shareholders to participate in the company's general meeting. In accordance with § 6 of the articles of association, the General Meeting is chaired by the Chairman of the Board or the person he appoints. The recommendation on independent meeting management of the General Meeting is therefore not relevant because it conflicts with the company's articles of association.

The Board ensures:

a. The documents are detailed and precise enough for the shareholders to take a position on all matters to be processed.

b. The registration deadline is set as close to the meeting as possible.

c. The Board and Chairman of the Election Committee can participate in the General Meeting.

Documents relating to matters to be dealt with at the General Meeting, including documents which according to law must be included in or attached to the notice, do not need to be sent to the shareholders if the documents are made available on the company's website. A shareholder can still demand to be sent documents that relate to matters for the General Meeting.

Shareholders who wish to attend the General Meeting must notify the company of this within a specific deadline which cannot expire earlier than two days before the General Meeting is held.

Shareholders can cast their vote in writing during a period before the General Meeting. The Board can determine more detailed guidelines for such advance voting. It must be stated in the notice of the general meeting which guidelines have been laid down.

The shareholders should be able to vote in each individual matter, including voting for individual candidates in elections. Shareholders who cannot be present at the General Meeting are given the opportunity to cast their vote via a proxy form.

Item 7 – Election Committee

The company has its own Election Committee, which is enshrined in the articles of association in § 8. This deviates from NUES's recommendations in that the General Meeting does not set guidelines or limitations for the Election Committee's work.

The General Meeting elects the committee's chairman and member, as well as determines the committee's remuneration. Neither the members of the Board nor the management are part of the Election Committee.

Item 8 – The Board, composition and independence

The Board currently consists of five shareholder-elected board members . The Board is elected for a period of one or two years. According to § 5 of the articles of association, the number of board members can vary between three and six, in addition up to two deputy members can be elected. The board chooses its own leader. The Board's composition and shareholdings appear in Note 4. It is a goal that the Board should have a balanced composition that takes into account competence, experience and relevant background for the company's operations. It is also desirable that the composition of the Board reflects both the company's ownership structure and the need for neutral, independent representatives without specific ownership affiliations.

All board members are independent of the day-to-day management. Chairman Glen Ole Rødland, through the company Corona Maritime AS, has a consultancy agreement with the company for ongoing assistance and as discussion partner for the CEO. None of the other board members have business relations with the company.

Item 9 – The Board's work

The instructions for the Board and the day-to-day management have a particular emphasis on a clear internal distribution of responsibilities and tasks, as well to outline how the Board and the day-to-day management shall process agreements with related parties. In 2023, there were no transactions with related parties, apart from the payment of salaries, consultancy fees and board fees.

The Board evaluates its work and expertise annually. The Board ensures that the board members and senior employees make the company aware of any significant interests they may have in matters that the Board must deal with. An Audit Committee consisting of three board members and CEO has been established. It has been assessed and concluded that the audit committee fulfils recommendations and legal requirements regarding the independence of the company. Due to the company's size, the Board has decided not to establish a compensation committee.

The Board receives ongoing reports that describe developments in the company, such as rental and monthly reports for Agora Bytom, as well as accounting and profit reports with an overview of the short-term and long-term order backlog for the refractory segment. In 2023, 11 board meetings have been held in the company, corresponding to 10 meetings in 2022. Information about the various board members' attendance at meetings can be found in the minutes from each board meeting.

Item 10 – Risk management and internal control

The company has incorporated internal control and appropriate systems for risk management in relation to the scope and nature of the company's operations. The Board regularly reviews the company's most important risk areas and internal control. Reference is made to the Board of directors report and Note 19 in the consolidated accounts on financial risk and mention of risk in the annual report.

Item 11 – Remuneration to the Board

The remuneration to the Board reflects the board's responsibility, expertise, time spent and the complexity of the business. The Board fees and shareholdings appear in Note 4 in the consolidated accounts. Performance-based remuneration is not used. The board members have no option schemes and also do not carry out special tasks for the company unless otherwise separately agreed. Such remuneration will be approved by the general meeting. Board members are encouraged to own shares in the company.

Item 12 – Salary and other remuneration to leading persons

The Board prepares guidelines for remuneration to senior staff in accordance with the law. The Board's statement on executive pay is a separate document for the General Meeting and is available on the company's website. The board determines the CEO's salary in a board meeting. Historically, salary development has been based on the general salary development in Norway and the company's development. The CEO has no option schemes, but can receive a bonus. In the case of bonus schemes, there must be a clear connection between the criteria for the performance-based remuneration and the company's goals and strategies. In principle, the bonus is limited to a maximum of six months' salary. Reference is made to Note 4 in the consolidated accounts.

Item 13 – Information and communication

The Board establishes guidelines for the company's reporting of financial and other information based on transparency and taking into account the requirement for equal treatment of the participants in the securities market. The company reports information and financial figures in accordance with the Oslo Børs regulations. Responsibility for Investor Relations and reporting of regulatory information is assigned to the managing director, who has the opportunity to delegate this responsibility. The Board has established guidelines for the company's contact with shareholders outside the General Meeting.

Item 14 – Takeover

The Board has a pragmatic attitude in relation to a possible take-over situation. The Board's main responsibility in such a case will be to maximize shareholder value for all shareholders and at the same time look after the interests of the employees, and other stakeholders.

Item 15 – Auditor

The Board ensures that each year the auditor presents the main features for carrying out the audit work, reviews any significant changes in the company's accounting principles, key aspects of the audit, assessment of significant accounting estimates and all significant matters where there has been disagreement between the auditor and the administration. Deloitte AS, through partner and auditor Kenneth Karlsen, receives a copy of all board documents. The auditor's remuneration divided between audit and other services is explained as a separate item at the general meeting and in Note 20 in the consolidated accounts. The Board and the Audit Committee have several meetings with the auditor throughout the year. In the meetings between the Board and or the Audit Committee and the auditor, the company's internal control is discussed, as well as other significant accounting items.

Board of Directors’ report 2023

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 center Agora Bytom and the refractory production and installation company Höganäs Borgestad, that have a material impact on the company performance. Real estate is the largest segment measured by the balance sheet, while refractory industry is the largest by revenue.

Refractory

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.

The production facility in Sweden produces special products and refractory monolithic where Höganäs Borgestad has a high level of production expertise. Höganäs Borgestad's strategic partner Refratechnik has added further breadth to the product range, such as basic stone and monolithics.

Real estate

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.

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

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.

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 had approximately 4.9 million visitors in the center in 2023.

The WAULT[1] by area and income are as of December 31. 2023, 3.49 years and 3.19 years respectively.

The company completed a five-year bank refinancing of Agora Bytom in December 2023 with Bank Pekao that secures the project with a stable long-term financing. The financing was completed on market terms, and Agora Bytom has a loan to value, LTV, below 50 percent after the financing.

Key figures, Borgestad ASA

The Group prepares its accounts in accordance with the International Financial Reporting Standard (IFRS) which is implemented by the EU, the Accounting Act and other applicable regulations which are described in more detail in the notes to the accounts.

MNOK	2023	2022
Operating income	1 141	932
EBITDA	127	52
Depreciation & Impairment of non-current assets	126	123
Operating profit (EBIT)	1	-71
Profit before tax	-37	-124
MNOK	**31.12.2023**	**31.12.2022**
Cash	153	91
Available liquidity at end of period	186	86
IBD	460	780
NIBD	307	689
NIBD/EBITDA	2,4	13,2
Equity ratio	54 %	35 %

1 Weighted average unexpired lease term.

Financial highlights

Profit and loss statement
Borgestad 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 main reason for the improvement, in addition to the EBITDA gain resulting from the arbitration case.

Borgestad had a total revenue and other income in 2023 of NOK 1,141.4 million, up from NOK 931.7 million in 2022. The total revenue and other income increase of 22.5 percentage is mainly growth within the refractory business, which contributed with a growth of 23.1 percentages in 2023.

The Group achieved an EBITDA of NOK 127.5 million in 2023 compared to an EBITDA of NOK 52.3 million in 2022. Result before tax expense for 2023 was negative NOK 37.3 million, compared to a loss of NOK 124.3 million in 2022. The group had write-downs of NOK 94.3 million and NOK 91.3 million in 2023 and 2022 respectively, which relates to the property value of the Agora Bytom shopping centre.

During the financial year, Management identified indicators of impairment for Agora Bytom. The indicators of impairment were primarily due to the economic environment, characterized by increased inflation and interest rates. Macroeconomic factors have led to a decrease in consumer purchasing power, which has adversely affected the revenues of the tenants in the shopping centre. Concurrently, the increase in interest rates has negatively impacted the valuation of the property, as the cost of capital used in property valuation models has increased.

In response to these indicators, Management performed an additional impairment test after the presented fourth quarter. Please see Note 9 for further information.

The recoverable amount of Agora Bytom has been determined based on the highest value of its fair value less cost of disposal and its value in use. The fair value was determined by an external assessor. The value in use was calculated using discontinued cash flow projections from financial budgets approved by Management covering a ten-year period. The cash flow projections are based on significant unobservable inputs. The main inputs are discount rate, rent per sqm, vacancy, capitalization expenses and terminal value, for more detailed information related to these inputs and assumptions the Board refers to Note 9.

As a result of this analysis, the carrying amount of Agora Bytom was found to exceed its recoverable amount, indicating an impairment. An impairment loss of NOK 94.3 million has therefore been recognized in the income statement under "Impairment of non-current assets".

In 2023, the refractory segment achieved a total revenue and other income of NOK 1,072.2 million which is an increase of 23.1 percent compared to 2022. EBITDA for 2023 is at NOK 102.0 million, including the settlement from the Arbitration Court in Vienna with an EBITDA impact of NOK 46.4 million. For 2022 the refractory segment generated a total revenue and other income of NOK 870.8 million and an EBITDA of NOK 31.9 million.

Balance sheet and financial risk

At the end of 2023, Borgestad had a balance sheet that the Board and management believe is sustainable over time, both in terms of debt level and liquidity reserve. The improved balance sheet is a result of increased equity of NOK 296.7 million after deduction of costs, through a private placement and a subsequent offering in 2023. The net proceeds from the equity increase were used to redeem the NOK 100 million bond loan, BOR04, and to repay EUR 10 million in the Agora Bytom mortgage and to increase the liquidity situation.

In connection with the repayment of EUR 10 million in the Agora Bytom debt facility, the bank debt in Agora Bytom was refinanced in December 2023, with new maturity date 31. December 2028. The loan is financed in EUR through Bank Pekao SA, with outstanding debt of EUR 29.9 million as of 31. December 2023. The interest rate of the loan is 100 percent hedged until 30. June 2024, with a cost of 0.3 percent. Agora Bytom has an obligation to hedge minimum 70 percent of the outstanding loan before 30. June 2024. Other terms include 1-month EURIBOR plus a margin of 2.80 percent.

The company repaid its tax debt to the Swedish tax authorities of SEK 75.4 million, with the addition of outstanding interest, through a voluntary prepayment. 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.

At the balance sheet date, the available liquidity was NOK 186.1 million and the interest-bearing debt NOK 460.0 million. The net interest-bearing debt was NOK 307.3 million, compared to NOK 688.8 million as per 31. December 2022.

The company has classified the production buildings and land placed in Bjuv municipality and the connected mortgage loan, as held for sale on 31. December 2023. The book value of assets held for sale was NOK 13.2 million and the connected mortgage debt was NOK 52.4 million. The reason for the re-classification is that Höganäs Bjuf Fastighets AB, an indirect subsidiary of Borgestad ASA, on 27. October 2023 entered into a conditional agreement with Bjuv municipality in Sweden for a sale and leaseback transaction for two properties in Sweden where the production plant and other production facilities for refractory products are located.

Borgestad will sell the two properties, including the production facilities, to Bjuv municipality and then lease the production facilities needed. The company 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 SEK 145 million and the purchase price will be approximately SEK 141.2 million 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 transaction was approved by the Municipal Council of Bjuv 11 December 2023, but 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 approval of the transaction by Bjuv municipality will only become binding once the complaint has been finally resolved in the claimant's disfavour, and the completion of the transaction is conditional upon such binding approval.

In Borgestad'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 when a decision will be reached. If the Administrative Court rules in favour of the claimant, there is also a risk that the transaction cannot be completed.

Conditional of completion of the sale leaseback transaction is an additional reduction of the interest-bearing debt, with NOK 52.4 million, and improved liquidity.

A number of factors can have an unfavourable impact on Borgestad's operations and future value development. These factors include financial risk, including interest rate, currency and credit risk, risk related to operations, market risk, environmental and legal risk, as well as risk related to the individual projects in which the Group has investments. The Group's biggest financial risk is linked to Agora Bytom where the Group has a net equity investment that is exposed to value fluctuations in the Polish property market. In recent years, Agora Bytom has reduced its debt significantly and currently has the lowest debt in the center's history, which reduces the Group's overall risk.

Liquidity risk is the risk that the Group will not be able to service its financial obligations as they fall due. The board and Group management have worked over time to strengthen the Group's liquidity and reduce the liquidity risk in order to ensure a sustainable Group.

In the board of directors and managements view the company has per 31 December 2023 a sustainable balance sheet and cash situation, and is fully financed.

Borgestad ASA has entered into a liability insurance for the board and management with a liability limit of NOK 25 million. The insurance covers the board's legal personal liability for financial damage caused by the performance of their duties and associated expenses with a court case or similar. The coverage also includes boards and management in subsidiaries of Borgestad ASA (with an ownership stake of over 50 per cent) and employees who represent Borgestad ASA at external boards of directors.

Cash flow, investments, and liquidity
The company's cash flow from operating activities was NOK 166.9 million, up from negative NOK 50.6 million in 2022.

Cash flow from investing activities was negative NOK 36.6 million, compared to negative NOK 8.1 million in 2022, and cash flow from financial activities was negative NOK 68.7 million, down from NOK 101.5 million. As a result, the cash flow for 2023 was positive at NOK 61.6 million, compared to NOK 42.7 million.

The available liquidity as of 31 December 2023 was NOK 186.1 million, up from NOK 85.5 million in 2022.

The company's R&D activity takes place under the auspices of Höganäs Borgestad AB and ended at NOK 6.6 million and NOK 6.4 million in 2023 and 2022 respectively.

Conditions for going concern

The accounts have been prepared under the assumption of going concern in accordance with the Norwegian Accounting Act § 3-3.The Board refers to the mention of financial risk in the annual report.

Borgestad ASA, the parent company's, accounts and disposition of the annual profit

The parent company Borgestad ASA had a negative result after tax costs of NOK 106.4 million in 2023 compared to a negative result of NOK 92.5 million in 2022. The negative result for Borgestad ASA is mainly due to write-down of the value of shares in subsidiaries at a total of NOK 118.6 million. The material write-down of shares is a consequences of the write-down of the value for Agora Bytom that has direct consequences for the value of the shares in Borgestad Properties AS.

The company's equity as of 31. December 2023 was NOK 676.7 million compared to NOK 487.8 million in 2022.

The board will advise the general meeting in 2024 that no dividend to be paid for the financial year 2023. The deficit of NOK 106,391,000 will be allocated as follows:

•Transfer from other equity NOK 106 391 000

Outlook

The Board of Directors expect that Borgestad will improve results and cash flow going forward. After the refinancing process, the company has a more sustainable balance sheet and will focus the resources within Borgestad to improve the operational performances and will continue developing a sustainable strategy for the future.

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

Sustainability statement

General information

Sustainability at Borgestad

In 2022, Borgestad ASA began the work to define how the company will approach the important new aspects of sustainability, comply with the CSRD and continue to be compliant with the Transparency Act requirements. This still-ongoing work aims to ensure that the company and its subsidiaries make good strategic and sustainable decisions, direct effort and investments where they are needed and have the highest impact, and manage risks and opportunities.

The following four pillars form the core of Borgestad's work with sustainability:

Ensure compliance with current and future laws and regulations:

Borgestad must ensure compliance as requirements come into force. In line with the coming European directives, Borgestad will implement sustainability in the company's strategies and goals.

Understand and acknowledge where Borgestad has an impact:

Borgestad aims to get a thorough understanding of the company's actual and potential impacts on its surroundings, both positive and negative. The company operates in an industry that is emissions-intensive, has a risk of accidents and injuries, and has a global supply chain. This must be reflected in the company's strategies and values.

Handle future financial risk and take advantage of commercial opportunities:

Sustainability may pose a risk to the refractory industry in the long-term. Borgestad must identify and assess significant financial risks and opportunities and determine how these should be managed to minimise risk and maximise opportunities. This requires thorough strategic planning.

Create a common direction for the company and subsidiaries:

Borgestad is in the early stage of defining how it will deal with material sustainability issues. The aim of this work is to ensure that the company and its subsidiaries make good strategic decisions, directing effort and investments where they are needed and have the highest impact.

Sustainability has gone from being a niche focus for impact-oriented companies to being a regulatory requirement and a financial and commercial liability if not sufficiently handled, and Borgestad has initiated several projects in response to this. The company and its subsidiaries will continue to integrate the basic pillars into their strategies and contribute to Borgestad's regulatory compliance and meeting stakeholders' sustainability expectations.

For 2023, Borgestad has used the European Union's Corporate Sustainability Directive (CSRD) and the accompanying European Sustainability Reporting Standards (ESRS) for inspiration for the restructuring of the sustainability reporting.

Borgestad published its first Transparency Act report in June 2023 and will publish an updated version in June 2024. The Transparency Act report are available at www.borgestad.no.

1. About the report

1.1. General basis for preparation of sustainability statements

		ESRS 2 General information			Content in topical standards							
		Overarching aspects			Management of impacts, risks and opportunities					Metrics and Targets		
ESRS	**Topics**	**Governance**	**Strategy**	**Double materiality**	**Transition plan**	**Policies**	**Action plan & resources**	**Stakeholder engagement**	**Process for raising concern**	**Target**	**Potential financial effects(*)**	**Metrics**
E1	Climate change	2.1, 2.2,2.3	3.1, 3.2	3.3	4.1.1	4.1.1	4.1.1			4.1.1	4.1.1	4.1.1
E2	Pollution					4.1.2	4.1.2			4.1.2	NR	4.1.2
E3	Water & marine											
E4	Biodiversity(*)											
E5	Circular economy					4.1.3	4.1.3			4.1.3	NR	4.1.3
S1	Own workforce(*)					4.2.1	4.2.1	4.2.1	4.2.1	4.2.1		4.2.1
S2	Value chain workers(*)					4.2.2	4.2.2	4.2.2	4.2.2	4.2.2		NR
S3	Affected communities(*)											
S4	Consumer & end user(*)											
G1	Business conduct					4.3.1						4.3.1

Primarily qualitative workflows | Primarily quantitative requirements

NR = Not reported

Borgestad's sustainability report for 2023 is inspired by the European Union's Corporate Sustainability Directive (CSRD) and the accompanying European Sustainability Reporting Standards (ESRS). Borgestad ASA is subject to these standards from 2025 and acknowledge that this year's sustainability report is not yet compliant with the requirements in the reporting standards. Below is an overview of the company reporting structure.

The sustainability report has been prepared on a consolidated basis, covering Borgestad Properties, including Agora Bytom, and Borgestad Industries, including Höganäs Borgestad. The basis for preparation of ESG metrics is described in the relevant chapters, along with actions planned for improvement where applicable. ESRS compliance will require improved data quality and access and development of the relevant transition plans, policies, strategies, and targets.

The materiality assessment extends across both upstream and downstream value chains, ensuring a wide evaluation of impacts, risks, and opportunities, with a primary focus on Höganäs Borgestad and the company’s upstream value chain. Policies, actions, and targets are mainly focused on Borgestad's own operations, supported by a supplier code of conduct, particularly regarding workers in the value chain. Emission data and value chain metrics are detailed within the climate account and in the waste board of directors report.

In 2022, Borgestad initiated a project to ensure the company would meet CSRD and Norwegian Transparency Act requirements when they come into force, and to ensure the business effectively handles the risks and opportunities associated with the coming green shift. This work continued in 2023, with the initiation of projects to improve Borgestad’s greenhouse gas accounting and Norwegian Transparency Act reporting. For 2024, Borgestad intends to conduct an in-depth climate risk assessment, in addition to updating the double materiality analysis and executing a GAP analysis.

This report has been reviewed by the Audit Committee before being approved by the Board of Directors.

2. Governance

2.1. The role of, and the information provided to, the administrative, management and supervisory bodies

Sustainability-related matters are integrated into Borgestad’s governance mechanisms. The Board of Directors has the ultimate responsibility for sustainability-related impacts, risks, and opportunities and considers such matters when reviewing and guiding the strategy and business plans, and for decision-making. The composition of the Board of Directors and the roles and responsibilities of the board members are outlined in Board of Directors and management in Borgestad ASA.

The Board has established an Audit Committee which monitors and evaluates more specific sustainability-related matters and plans on behalf of, and as preparation for, the Board meetings. The Audit Committee informs and guides the CEO and the executive management on which sustainability related matters to address, and is currently reviewing in more detail its responsibility towards sustainability matters to make this more clearly defined. The Audit Committee meets and assesses policies, performance metrics and sustainability reporting as relevant and at least two times a year.

The CEO is the highest responsible for sustainability-related matters under the Board of Directors. The CEO is responsible for monitoring, assessing, and managing sustainability-related matters and reports this to the Audit Committee and the Board of Directors. The CEO is invited and a part of all Board and the Audit Committee meetings held.

2.2. Integration of sustainability-related performance in incentive schemes

Borgestad has not yet adopted any incentive schemes that integrates with sustainability-related performance.

2.3. Statement on due diligence

As part of compliance with the Transparency Act, Borgestad will conduct regular risk-based human rights due diligence on suppliers. The company will further expand the risk-based due diligence to include environmental matters as well.

3. Strategy

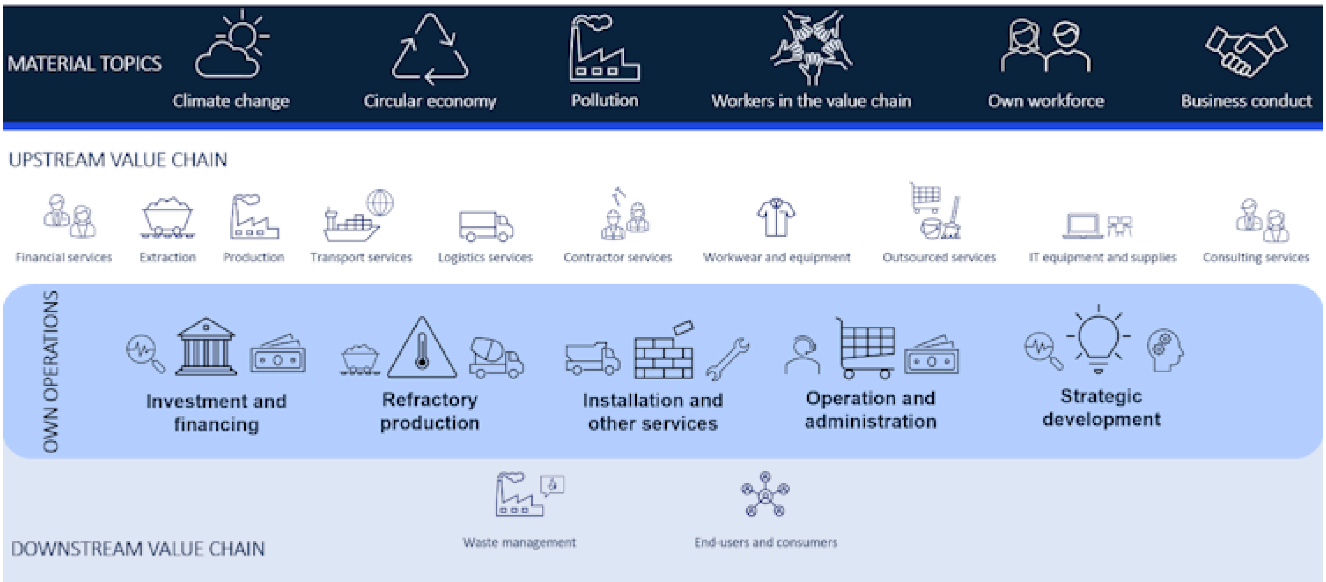
3.1. Strategy, business model and value chain

Borgestad is an investment company that primarily operates in the real estate and the industrial sector. Key operations include the Agora Bytom shopping centre in Poland, serving a broad consumer base, and Höganäs Borgestad, offering refractory products and services critical for high-temperature industrial processes.

The company strategy is to position itself with high quality products that plays an important part in reducing end users’ energy consumption, while providing solid returns to shareholders.

The value chain for Borgestad is illustrated below. Höganäs Borgestad supplies refractories products and services for industries such as steel, cement, and glass manufacturing, as well as for use in petrochemical plants and incinerators. These products are crucial for the durability and efficiency of the clients' operations, withstanding extreme conditions to ensure production. Höganäs Borgestad's operations rely on critical inputs for high-quality refractory solutions. These inputs include a range of materials including, but not limited to, cement, steel, brown fused alumina, bauxite, graphite, alumina, microsilica, and chamotte. Höganäs Borgestad's value chain extends from raw material sourcing, through production and distribution to clients and end-users.

For Agora Bytom, Borgestad is mainly involved in operation and administration. This operation includes facility management to customer experience strategies. The upstream value chain of Agora Bytom includes hired workers (maintenance, security and services), while the downstream value chain include tenants and consumers.



3.2. Interests and views of stakeholders

Borgestad maintains a constant dialogue with its stakeholders as part of its normal business operations. Regular engagement with stakeholders ensures that Borgestad is aligned with stakeholders' expectations and the company's sustainability goals.

In 2023 Borgestad initiated dialogues with core stakeholders, hereunder board members, employees, and financial partners. The insights gained from these initial discussions were instrumental in establishing four guiding pillars (see page 1) that now direct the strategic decisions for the company, and to further understand the company's material topics on a high level.

As part of the preparation for ESRS compliance, Borgestad will revisit the initial stakeholder mapping and engagements and use as input in the Double Materiality Assessment (DMA) that will be conducted later in 2024. The aim is to include more stakeholders in the assessment that can provide clear and detailed inputs to the impacts, risks and opportunities that are material to Borgestad.

During 2023, a process was started to engage with suppliers on human rights risks as part of the Transparency Act work, and this work will continue and expand in coming years.

3.3. Material impacts, risks and opportunities and their interaction with strategy and business model

Borgestad's initial high level materiality analysis identified climate change, pollution, circularity and resource use, own workforce, workers in the value chain, and business conduct as most important topics for Borgestad. These topics directly influence Borgestad's sustainability strategy and operational focus.

3.3.1. Environment

3.3.1.1. Climate Change

The world is facing significant climate change, which poses both risks and opportunities for businesses both through the physical climate changing and the transition to a low-carbon economy. Borgestad works strategically to mitigate negative impacts from climate risks and capitalise on opportunities in the green shift.

3.3.1.1.1. GHG Emissions

Borgestad acknowledges the critical challenge posed by climate change and recognises the business’ role in contributing to global greenhouse gas emissions. Borgestad’s operations, notably in the production of refractory products, generate significant direct emissions from fuel combustion and chemical processes. The Group also has significant emissions in the upstream value chain through mining of raw materials, suppliers’ production of refractory products and components, and transportation of raw materials and products.

3.3.1.1.2. Climate adaptation

Borgestad’s reliance on external suppliers for raw materials places the company at risk of disruptions due to climate-induced extreme weather events. These risks, prevalent in countries with significant supply chain operations, could affect the company’s long-term costs and lead times. Further, the carbon-intensive nature of refractory material production exposes Borgestad to potential increases in operating costs, through e.g., the expected tightening of emission regulations.

3.3.1.1.3. Energy Consumption

Borgestad’s production processes are energy-intensive, and currently relies largely on non-renewable energy sources with negative impact on the climate. Through its end-users, Borgestad mitigates environmental impacts by providing high-quality refractory products that lower clients' energy use and emissions.

The rising cost of energy presents a financial risk for the company, particularly given the industry's high energy demands. Conversely, the shift towards energy efficiency in client industries represents a significant opportunity. By pioneering products that further reduce energy consumption, Borgestad can capitalize on potential commercial benefits and contribute to the broader transition to a low-carbon economy.

3.3.1.1.4. Strategic Response

To mitigate negative impacts and risks, and seize opportunities related to climate, Borgestad is, enhancing energy efficiency and exploring sustainable energy sources to reduce environmental footprint. Strengthening resilience in the supply chain to mitigate physical and transition risks associated with climate change and pursuing innovation in refractory products to further support clients' energy efficiency improvements and GHG reduction efforts.

3.3.1.2. Pollution

Borgestad's manufacturing processes generate emissions to air. For the Bjuv facility, Höganäs Borgestad has emissions permits. The pollution in Bjuv arises mainly from the combustion of fossil fuels utilised in machinery and heating, contributing to local air pollution challenges. There are further emissions to air throughout the company's value chain from raw material sourcing and processing and to customer combustion processes. Borgestad is committed to addressing pollution not just within the immediate operations but throughout the value chain.

The regulatory environment poses significant risks, particularly with initiatives like the EU Industrial Emissions Directive (IED), which mandates the adoption of Best Available Techniques (BATs) to mitigate pollution. These regulations introduce potential financial implications due to the investment required in pollution control technologies. Borgestad is proactively evaluating these risks and aligning operations with regulatory expectations to mitigate financial and compliance-related impacts.

3.3.1.2.1. Strategic Response

In response to these challenges, Borgestad is enhancing its strategy to manage and mitigate pollution related impacts, risks and opportunities through monitoring and reporting by committing to increased transparency regarding emissions to air in its own operations at the Bjuv facility. Further, by value chain engagement, Borgestad will actively engage with suppliers and partners to promote sustainable practices and reduce pollution throughout the value chain. This includes assessing the environmental practices of suppliers, especially those involved in raw material provisions.

3.3.1.3. Circular economy

Borgestad is committed to include sustainability in its operations, with a focus on circular economy principles to address the environmental impacts associated with resource use, reuse, and disposal. The company's approach is geared towards transitioning from a linear to a more circular model, recognising the environmental and economic benefits of such a shift.

The refractory industry, characterised by the high turnover of materials due to the limited lifespan of refractory products, traditionally follows a linear model of use and disposal. Borgestad faces challenges associated with low reuse rates of materials, leading to significant waste and reliance on landfill disposal. The current practices contribute to increased consumption of scarce minerals, elevated GHG emissions from the production of new materials, and adverse impacts on local ecosystems due to landfill usage. These issues present both environmental and financial risks, urging a shift towards more sustainable practices.

3.3.1.3.1. Strategic Response

To address the risks and capitalise on the opportunities presented by the circular economy, Borgestad is researching strategic adaptation, with the highest priority on enhanced resource management by implementing strategies to improve the efficiency of resource use in operations, including the optimisation of material selection, utilisation processes and the opportunity for re-use. Secondly, collaboration with stakeholders will be key in succeeding in the circular economy. Working closely with clients, suppliers, and industry partners to foster a collaborative approach to circularity, sharing best practices, and exploring joint initiatives for material reuse and recycling is of essence. Monitoring and reporting will be important, committing to increased transparency regarding resource use and waste management practices, including the development of metrics to track progress towards circular economy objectives.

3.3.2. Social

3.3.2.1. Own workforce

At the end of 2023, 313 people were employed by Borgestad, distributed across the company's various countries and businesses. The majority of these are full-time employees, but particularly Höganäs Borgestad's operations also involve the use of temporary employees, a total of 275 people in 2023. Borgestad is committed to fostering a safe, diverse, and inclusive workplace for both employees and temporary employees. Borgestad’s approach to managing the company’s own workforce is reflected in the dedication to the health, safety, and well-being of the employees, while also addressing the challenges and opportunities related to diversity, inclusion, and employment practices.

3.3.2.1.1. Working conditions

Borgestad’s production processes includes handling chemicals and workers are exposed to very high temperatures. This can have negative impacts on employees’ health and safety and lead to injuries or fatalities if the health and safety conditions are inadequate. Such incidents not only have human costs but can also lead to legal and reputational consequences and impact production efficiency.

There is a risk that insufficient working conditions, such as excessive working hours, leads to poor employee satisfaction both by employees and temporary employees. This can result in increased sick leave, turnover, loss of reputation, and failure to attract and retain talent. This can in turn lead to lower productivity and less innovation as well as increased costs related to training and onboarding of new employees, all of which in turn can have a negative impact on company growth and revenues.

In Höganäs Borgestad, there were 275 temporary employees hired through third parties in 2023. These temporary workers are covered by collective trade union arrangements and are thus protected by Swedish law. However, there is a higher inherent risk of exploitation of these workers compared to full-time employees that are hired directly by Borgestad. These employees can e.g., have insufficient working conditions or pay, and if Borgestad does not detect this, the company could indirectly maintain a system that exploit workers.

3.3.2.1.2. Equal treatment and opportunities for all

Borgestad’s workforce is male dominated which can have a negative impact on the workforce and Borgestad can be viewed as a company that has insufficient considerations of gender rights. Further, the lack of gender diversity can result in challenges to attract and retain talents, and a loss of reputation. On the other side, as an important employer, particularly in the Bjuv community, Borgestad has the opportunity to create jobs for people from diverse backgrounds and stand out as an inclusive employer.

Through the training and upskilling that Borgestad offers its employees, the company builds strong relations with its workforce. This can result in lower turnover, increased reputation, and higher productivity.

3.3.2.1.3. Strategic Response

To address these aspects, Borgestad is developing multiple measures, firstly by enhancing health and safety measures. Borgestad is investing in safety training, equipment, and protocols to minimise the risk of accidents and ensure a safe working environment for all employees. Borgestad will start promoting diversity and inclusion, and initiatives are underway to improve gender balance and inclusivity within our workforce, recognising the value of diverse perspectives and experiences. Borgestad is committed to ensuring that all workers, including those not directly employed by Borgestad, receive fair treatment, wages, and working conditions and fair treatment of non-employee workers.

3.3.2.2. Workers in the value chain

Borgestad is committed to ensuring the well-being and rights of workers throughout the company's global value chain. Operations and procurement practices, spanning from Norway to Malaysia and including various projects and suppliers worldwide, necessitate a vigilant approach to upholding health and safety standards and human rights.

Parts of raw materials used in the refractory production come from mining operations in countries like Guyana, China, and other regions in southern Asia. Borgestad, and the rest of the refractory industry, are dependent on a market controlled by a few players, with few alternatives to choose from. The extraction of these raw materials occurs through mining operations in countries typically associated with risks of human rights violations, child labour, health and safety challenges, and negative environmental impacts.

Non-compliance with the Norwegian Transparency Act may lead to financial sanctions by the Norwegian Government. Lack of control of health and safety and human rights impacts in the supply chain exposes Borgestad to both regulatory, financial, and reputational risk. Compliance with relevant laws and regulations is an absolute minimum requirement.

3.3.2.2.1. Strategic Response

To address these challenges, Borgestad is intensifying its focus on human rights in the supply chain in alignment with the Norwegian Transparency Act. This involves conducting thorough due diligence to identify, prevent, and mitigate potential human rights abuses. For the due diligence to be effective Borgestad is engaging and Borgestad is committed to working closely with the companies' suppliers to ensure they adhere to high standards of labour practices. This includes regular audits, capacity building, and fostering open communication channels to address any concerns proactively.

3.3.3. Governance

3.3.3.1. Business conduct

Borgestad operates under the principle that ethical practices and strong governance are foundational to sustainable business success. Borgestad's downstream value chain has relatively low risk of corruption and bribery as the customers mainly operates in the Nordics. In the upstream value chain on the other hand, the risk of corruption and bribery can be more prevalent. Much of the raw materials used in refractory products are sourced from countries that rank high on corruption risk, and Borgestad has limited insight into its value chain beyond tier one suppliers. Incidents of corruption, if unaddressed, could inflict significant financial and reputational harm, potentially leading to market exclusion or loss of business. Therefore, engaging with suppliers and cooperate with other industry players to increase transparency and improve business conduct is and will continue to be of high focus to Borgestad.

In recent years, Borgestad has faced challenges related to price volatility and export complexities for raw materials. Unexpected value chain disruptions from extreme weather events to geopolitical disturbances have made it challenging for Borgestad to predict cost levels. These factors highlight the need for agile and responsive supply chain management to navigate the fluctuations that affect both the cost base and the company's ability to adapt to changing client needs.

3.3.3.1.1. Strategic approach

Borgestad's commitment to business conduct is seamlessly integrated into its overall sustainability framework, underscoring the importance of ethical practices and supplier management.

3.4. Description of the processes to identify and assess material impacts, risks and opportunities

Early in 2023 Borgestad adopted a high-level, industry-standard approach to identify and assess its material impacts, risks, and opportunities, based on the Global Reporting Initiative ("GRI") and Sustainable Accounting Standards Board ("SASB") frameworks in addition to ESRS draft guidance. Short-list topics were selected based on stakeholder interviews and industry benchmarking. Borgestad acknowledges that this is not a double materiality assessment in line with the ESRS requirements and this will be conducted later in 2024. However, it was an important first step to get a high-level understanding of and defining the company's sustainability topics.

The work resulted in a short-list of the following six topics: Climate change, pollution, circular economy and resource use, own workforce, workers in the value chain and business conduct. These topics are the foundation for Borgestad's strategic direction.

3.4.1. Impact identification and assessment

Borgestad focused on a broad assessment of its impacts, primarily considering direct operational activities without delving deeply into the details of each process or emissions source. Stakeholder consultations and meetings with external experts were conducted to gain insight, although these were also more general and not focused on detailed data collection.

The severity, scale and scope of each impact were assessed on a scale of high, medium, and low. Positive impacts were considered in the same way as negative impacts, but without the inclusion of irremediable character of the impact.

3.4.1.1. Risk and opportunity assessment process

The assessment of impact materiality, supplemented with additional insights from internal resources, laid the groundwork for identifying sustainability risks and opportunities. Summaries of the risks and opportunities and corresponding ratings were reviewed by internal stakeholders and management. Borgestad has considered both risks and opportunities for financial materiality. In this approach, a sustainability matter is material if "[…] it triggers or may trigger material financial effects on the undertaking". Borgestad has assessed both potential and actual risks and opportunities and taken two factors into account to decide whether a risk or opportunity is financially material:

1. Likelihood of occurrence (typically low, medium, high, very high)
2. Size of potential financial effects (typically low, medium, high, significant).

The decision-making process regarding sustainability and climate-related issues involved management, employee representatives and board members, focusing on aligning high-level sustainability goals with the company's broader business strategy.

Borgestad's process for identifying, assessing, and managing impacts, risks and opportunities was incorporated into the overall risk management framework, although in a high-level, strategic manner. The approach to managing opportunities was similarly integrated into the company's management processes, focusing on identifying potential benefits in a broader perspective.

4. Impact risk and opportunity management

4.1. Environment

4.1.1. Climate change

Impacts	Description and link to business model
GHG emissions	Refractory production is energy intensive, generating substantial GHG emissions (-)
	Purchasing ready-made bricks and transportation of goods and raw materials generates GHG emissions in the value chain (-)
Energy	Refractory production is energy intensive and is reliant on non-renewable energy sources (-)
	Quality refractory products can reduce customers' energy consumption (+)
Risks	**Description and link to business model**
Energy prices	Energy is a major cost component in direct operations and in the value chain
Current and emerging carbon pricing mechanisms due to EU ETS and other CO2 taxes	Direct impact on energy costs
Extreme weather	Potential value chain disruptions
Opportunities	**Description and link to business model**
Energy prices	Customers operates in energy intensive sectors, so the demand for products to reduce energy consumption can create opportunities for commercial advantage

4.1.1.1. Transition plan for climate change mitigation

Borgestad does not yet have a transition plan for climate change mitigation, but for the next two years, this will be a focus area for the company.

4.1.1.2. Policies related to climate change mitigation and adaptation

Climate change related challenges are addressed in the Policy for Sustainable Business Practice. Borgestad states that negative environmental impacts shall be reduced in its own operations and throughout the value chain, and actions shall be implemented to minimize emissions of greenhouse gases. National and international environmental laws and regulations shall be complied with, and relevant emission permits shall be obtained.

ISO9001, ISO14001 and ISO45001 certifications form the basis of Höganäs Borgestad's quality, environmental and health & safety management respectively. The Norwegian part of the company is also certified as an Eco-Lighthouse.

4.1.1.3. Actions and resources in relation to climate change policies

Borgestad is in the preliminary phase of identifying and implementing risk reduction measures. This will require a more detailed analysis of the company's exposure to climate-related risks, compared to the current initial risk and opportunity assessment Borgestad has conducted. Borgestad recognises the importance of reducing emission intensity through innovation and technology development. Increased interaction with the value chain, including mapping of subcontractors, will be a crucial step towards active risk management.

Borgestad's efforts are currently focused on understanding its position in the value chain and exploring opportunities for risk mitigation. This includes activities across its operations and interactions with the upstream and downstream value chain. This is an ongoing process, with no set completion date.

Borgestad is prioritising investments in innovation and new technology as this is seen as central to sustainable practices and risk management. However, detailed financial commitments and resource allocations are planned for future stages, after the detailed risk analysis. The commitment to diversification and technology development will require capital expenditures and operational expenditures, though specific amounts are not yet determined.

Given the company's current sustainability maturity level, Borgestad is in the process of developing a more comprehensive approach to climate change risks and opportunities. Future disclosures are expected to provide a detailed list of climate change mitigation and adaptation actions, and post-risk analysis, which will be (allocated towards these actions and) linked to financial statements and performance indicators.

4.1.1.4. Targets related to climate change mitigation and adaptation

Development of climate-related targets will be conducted within the next two years.

4.1.1.5. Energy consumption and mix

Borgestad accounts for its renewable and fossil energy consumption for Höganäs Borgestad and Agora Bytom, however, the location in Skien is omitted due to lack of data. Borgestad will include this location in next year's reporting.

Energy is used in manufacturing processes, in vehicles and for electricity and heating, where Höganäs Borgestad accounts for approximately 90% of the company's total energy consumption.

The production of refractory products requires a significant amount of energy, sourced primarily from direct combustion of natural gas and from purchased electricity. This energy consumption has a negative impact on climate change, however for the electricity used in Bjuv, Höganäs Borgestad purchases guarantees for origin.

The table below presents the sources for Borgestad's energy consumption, including the Group's own fuel use and self-produced renewable energy as well as purchased electricity and heat.

Energy source	2023
Fuel consumption from coal and coal products (in MWh)	0
Fuel consumption from crude oil and petroleum products (in MWh)	0
Fuel consumption from natural gas (in MWh)	3 260
Fuel consumption from other fossil sources (in MWh)	1 964
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (in MWh)	1 445
Total fossil energy consumption (in MWh)	6 669
Share of fossil sources in total energy consumption (%)	60.47 %
Consumption from nuclear sources (MWh)	1 346
Share of consumption from nuclear sources in total energy consumption (%)	12.21 %
Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc) (MWh)	15
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	2 966
The consumption of self-generated non-fuel renewable energy (MWh)	32
Total renewable energy consumption (MWh)	3 013
Share of renewable sources in total energy consumption (%)	27.33 %
Total energy consumption (MWh)	11 028

Borgestad's total revenue and other income for 2023 was NOK 1,141 million, giving the Group an emissions intensity of 69.48 tons of carbon dioxide equivalents per million Norwegian kroner when calculated using the location-based method for Scope 2 and 69.79 tons of carbon dioxide equivalents per million Norwegian kroner when calculated using the market-based method for Scope 2.

4.1.1.6. Gross Scopes 1, 2, 3 and Total GHG emissions

Borgestad operates in an emission-intensive industry and is subject to EU's emission trading scheme (EU ETS). In the future, Borgestad will look to best practices and explore alternative solutions when it comes to its own energy use. To make this possible, Borgestad is currently prioritizing gaining a better overview of its direct and indirect climate impact. Höganäs Borgestad is a manufacturer of specialty bricks used in refractory solutions and is responsible for approximately 98% of Borgestad's total scope 1, 2, and 3 emissions.

After establishing a partial greenhouse gas account for 2022, covering the Bjuv production facility, Borgestad worked throughout 2023 to gain access to more data. As a result, the 2023 greenhouse gas account – developed following the Greenhouse Gas Protocol – is significantly more extensive and includes Scope 1 and 2 emissions from all facilities except the one in Skien, as well as Scope 3 emissions from purchased goods, fuel and energy related activities, business travel and waste (for the Bjuv facility only). The below figure illustrates the different scopes as described in the GHG Protocol.

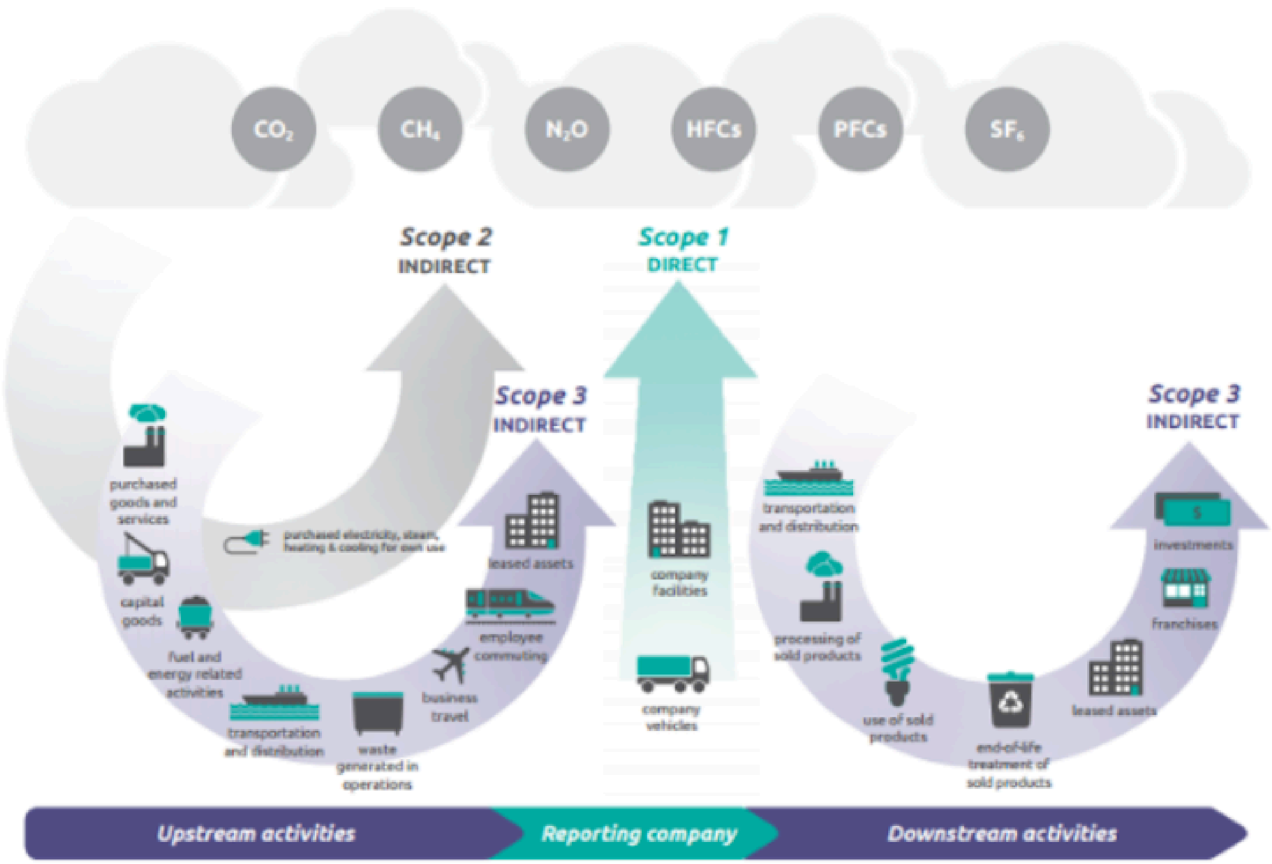


Figure 1: GHG Protocol

Borgestad generates significant emissions through its production activities, with the burning of natural gas being responsible for almost half of its Scope 1 emissions in 2023. The Group also consumes a lot of electricity and heating in Norway, Sweden, Finland, and Poland. The largest share of this electricity is consumed in Sweden, although heat consumption in Poland generates the largest portion of Borgestad's Scope 2 emissions – approximately 20% using the location-based method – despite representing less than 10% of the total electricity and heat consumption. This is due to the emission factor used for electricity in Poland.

Borgestad 2023 Greenhouse Gas Emissions	
Gross Scope 1 (location-based)	**1 120.19**
% Scope 1 emissions from regulated emissions trading schemes	0
Gross Scope 2 (location-based)	**1 214.90**
Gross Scope 2 (market-based)	**1 936.12**
Gross Scope 3	**77 923.13**
Category 1: Purchased goods and services	75 183.40
Category 3: Fuel and energy related activities not included in Scope 1 or Scope 2	301.23
Category 5: Waste generated in operations	18.31
Category 6: Business travelling	317.01
Category 13: Downstream leased assets	2 103.18
Total GHG emissions with location-based Scope 2 (metric tonnes CO2e)	**79 278.98**
Total GHG emissions with market-based Scope 2 (metric tonnes CO2e)	**79 639.23**
Biogenic Scope 1 CO2 emissions (metric tonnes of CO2)	34.02

This greenhouse gas account has been developed using an operational control approach in accordance with the Greenhouse Gas Protocol Corporate Standard, and is therefore divided into Scope 1, Scope 2, and Scope 3, although it is not a complete account due to limited data and emissions factor availability. It includes all gases covered by the Kyoto Protocol (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride).

Scope 1 covers most of Borgestad's direct emissions from the Group's own fossil fuel use, apart from the location in Skien due to a lack of data. Borgestad's fossil fuel use was calculated by taking the Group's total fuel use, and subtracting volume of the fuel that is assumed to come from biological sources. These assumptions are based on the Norwegian Environment Agency's requirement that a certain percent of all fuel sold in Norway must be biofuel, and on publicly available information from fuel retailers about the maximum share of biofuel in the fuels they sell. As directed by the Greenhouse Gas Protocol and ESRS E1 on climate change, carbon dioxide emissions from biofuel combustion are reported separately from Scope 1, while methane and nitrous oxide emissions from the combustion of biofuels are included in Scope 1.

Scope 2 includes Borgestad's indirect greenhouse gas emissions from the consumption of purchased electricity and heating. For 2023, Borgestad purchased electricity and/or district heating in Norway, Sweden, Finland, and Poland. Borgestad's location-based Scope 2 emissions were calculated using an emissions factor from the Norwegian Water Resources and Energy Directorate from 2022, which was the most recent year available. This factor gives carbon dioxide equivalents and includes the climate effects of methane and nitrous oxide – the two additional greenhouse gases emitted under combustion of fuels which are covered by the Kyoto Protocol. The emissions factors for Sweden, Finland, and Poland came from the International Energy Agency, and included only the emissions of carbon dioxide. These were the best available emissions factors. Borgestad's emissions from purchased heat were also calculated using the best available factors, which were the International Energy Agency's factors for combined electricity, heat, and steam. This means that the emissions for purchased heat are likely overestimated in this greenhouse gas account.

Borgestad's market-based Scope 2 emissions from electricity were calculated using the residual mix factors for 2022, the most recent year available, calculated by the Association of Issuing Bodies. These were the best factors available, although they only account for carbon dioxide emissions. Borgestad's market-based Scope 2 emissions from purchased heat were calculated using the same factors as location-based emissions for heat consumption, as these were the best available factors. This is also a limiting factor in the accuracy of this greenhouse gas account. Additionally, Borgestad has purchased guarantees of origin for a large share of its electricity use in Sweden, and the emission for this electricity were set to zero under the market-based approach.

Borgestad's Scope 3 greenhouse gas accounting is limited by data availability and lack of access to the correct emissions factors, and does not include all categories in which Borgestad has activities. Category 1: purchased goods and services includes only emissions from some purchased materials and does not include already purchased and completed products. Category 13: downstream leased assets, has significant greenhouse gas emissions as it includes all the energy use from the stores in Borgestad's shopping centre in Poland.

Borgestad is currently in the midst of a project to improve the company's greenhouse gas accounting and will in 2024 focus on improving the data quality needed to calculate Scope 3 emissions. This is expected to improve the precision of Borgestad's calculations for the already included categories and will hopefully result in the inclusion of even more categories in the future.

4.1.1.7. Internal carbon pricing

Höganäs Borgestad's site in Bjuv is subject to EU ETS and the company has pollution permits. Höganäs Borgestad reports emission and pollution figures to Swedish authorities through annual environmental reports. Borgestad has no internal carbon price as of today.

4.1.1.8. Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

In 2023, Borgestad conducted a high-level exploration of potential climate-related physical and transition risks and opportunities that can impact the company in the short, medium, and long-term time horizon.

The transition risks identified include more stringent cost of carbon and increased energy prices, that can directly impact operational cost. It can further lead to the need for a price increase on refractory products to cover the increased operational costs. As Borgestad's customers are also likely to be impacted by increased cost of carbon, this can result in reduced purchasing power, and negatively impact Borgestad's income streams. It is estimated that these risks, if they occur, can have high financial consequences for the company in the medium to long-term time horizon.

The physical risks identified include extreme weather events such as flooding, that can cause disruptions in the value chain. This can result in increased lead times, increased costs, and loss of reputation.

During 2024, Borgestad will conduct a detailed climate risks and opportunities analysis. The analysis will consist of identifying all relevant climate-related risks and opportunities in a low-emissions scenario and in a high-emissions scenario for both direct operations and the company value chain. Likelihood of occurrence and financial impacts on the company in different time horizons will be explored in more detail than in the conducted high-level analysis to be compliant with the ESRS requirements. The findings from the analysis will guide where, when, and how Borgestad will implement risk mitigating and opportunity seizing activities.

4.1.2. Pollution

Impacts	Description and link to business model
Emissions to air	The production of refractory products results in emission of NOx dusts, and HF gases (-)
Risks	**Description and link to business model**
Permit breaches	Repeated or severe breaches may result in fines or loss of permits
Stricter regulations	May result in incremental investment in production equipment or systems to reduce or prevent pollution
Opportunities	**Description and link to business model**
Not identified	

4.1.2.1. Policies related to pollution

Borgestad's Ethical Code of Conduct and Policy for Sustainable Business Practices does not address pollution specifically, however, pollution is a part of the objective of protecting the environment. The policy specifies an obligation to operate within environmental permits as specified by national and international permits and to collect relevant pollution permits. Höganäs Borgestad is subject to pollution permits in Bjuv and must thus ensure that all required permits are maintained and kept current. Chemicals and other potential hazardous materials are to be identified to ensure safe handling, and emissions to air is regularly managed and tracked.

4.1.2.2. Actions and resources related to pollution

Emissions of NOx is usually measured in Bjuv, however, there were no measurement in 2023 due to an error on the measuring instrument. A new measurement will therefore be conducted in March 2024, after the completion of this report.

4.1.2.3. Targets related to pollution

Borgestad targets zero breaches of environmental permits relating to air pollution. In recent years there has not been any cases of breaches.

4.1.2.4. Pollution of air, water and soil

The emissions to air measured during 2023 is found in the table below.

Category	Number (unit)
Dust (except furnaces)	6 (mg/Nm3)
Dust (Riedhammer)	8 (mg/m3 ntg)
HF gas (Riedhammer)	0.9 (mg/m3 ntg)

4.1.3. Circular economy and resource use

Impacts	Description and link to business model
Waste disposal	Limited reuse of refractory products resulting in high dependence on landfill disposal for end-users (-)
Waste disposal	Waste in own operations from production processes of refractory products (-)
Risks	**Description and link to business model**
Raw materials shortage	Low recycling rates implies continued reliance on non-renewable raw materials in the industry, potentially resulting in raw materials shortage and increased prices
Waste disposal regulations	Could imply higher waste disposal costs and require incremental investments in waste handling
Opportunities	**Description and link to business model**
Increase recycling or re-use	Efficiently reusing refractory products and materials can result in reduced costs for raw materials, waste disposal and energy consumption

4.1.3.1. Policies related to resource use and circular economy

Borgestad has not implemented a policy for circularity and resource use.

4.1.3.2. Actions and resources related to resource use and circular economy

Borgestad is looking into a project for re-using refractory products where used refractory bricks can be applied as input into new materials and products. Despite its potential for environmental and economic benefits, progress has been slow due to technical, logistical, and regulatory challenges.

This project is being pursued through two alternatives: firstly, by re-using old refractory material to manufacture new bricks, and secondly, by utilising old refractory raw materials in new markets. Both approaches, if executed effectively, will reduce GHG emissions and lower costs. Advancing this initiative necessitates focused research, technology investment, and a commitment to sustainable practices, aiming to fully realise its potential and establish a model for circular economy principles within Borgestad.

Borgestad will look further into this opportunity in 2024.

4.1.3.3. Targets related to resource use and circular economy

There are currently no targets related to resource use and circular economy other than a general aim to reduce waste. Targets related to resource use and/or circular economy will be developed during the next two years.

4.1.3.4. Resource inflows

Höganäs Borgestad discloses resource inflows information relating to material impacts, risks, and opportunities, focusing on own operations and the upstream value chain.

Höganäs Borgestad operations and upstream value chain utilises various resources, e.g., raw materials essential for the refractory production processes. The following table include some of the procured raw materials for Höganäs Borgestad. It does not include finished products for refractory operations or other type of products.

Resource category	Total weight (Tonnes)	% Sustainable sourcing	% Secondary materials used
Total	**8 249**	**0 %**	**0 %**
Products	0	0 %	0 %
Technical materials	7 999	0 %	0 %
Biological Materials	250	0 %	0 %

4.1.3.5. Resource outflows / Waste management

Borgestad collects and reports waste management data for Borgestad's operations in Bjuv. This initial effort lays the groundwork for waste reporting and focuses on establishing a baseline for waste generation, handling, and disposal at this specific location.

The table below outlines the types of waste generated, along with details on diversion, recovery operations, and disposal methods, highlighting both hazardous and non-hazardous waste categories.

Category	Total (Tonnes)	Hazardous	Non-Hazardous
A. Total Waste Generated	**489.133**	**2.542**	**486.591**
B. Total Diverted from Disposal	**450.796**	**0.608**	**450.188**
B1. Preparation for Reuse	0	0	0
B2. Recycling	450.796	0.608	450.188
B3. Other Recovery Operations	0	0	0
C. Directed to Disposal	**38.337**	**1.934**	**36.403**
C1. Incineration	38.029	1.626	36.403
C2. Landfill	0.308	0.308	0
C3. Other Disposal Operations	0	0	0
D. Non-Recycled Waste	**8 %**	**76 %**	**7 %**

Borgestad is committed to improving waste management reporting by incorporating data for all company operations in coming years. This year's focus on Bjuv is a crucial first step towards achieving more detailed waste management insights in the years ahead.

4.2. Social

4.2.1. Own workforce

Impacts	Description and link to business model
Health and safety	The production process includes handling chemicals and exposure to very high temperatures (-)
Gender balance	The workforce is male dominated and could result in insufficient considerations of gender rights (-)
Insufficient working conditions for non-employee workers	As the company relies on non-employee workers especially for the installation services, Borgestad can have a potential negative impact on systems that maintains exploitation of workers (-)
Risks	**Description and link to business model**
Injuries or fatalities	Resulting from inadequate health and safety conditions related to handling of chemicals and/or heavy machinery and the exposure to very high temperatures. This can potentially result in bodily injuries or fatalities.
Gender balance	Failing to embrace diversity can result in challenges to attract and retain skilled personnel and loss of reputation
Insufficient pay or excessive working hours	Could result in loss of reputations, reduced productivity, and failure to attract and retain skilled personnel
Opportunities	**Description and link to business model**
Job creation	Höganäs Borgestad is an important employer in Bjuv
Training	Resulting in quality operations through building strong relations with the workforce and clients

4.2.1.1. Policies related to own workforce

Borgestad's Policy for Sustainable Business Practice and Ethical Code of Conduct contains requirements and expectations relating to the company's workforce. Borgestad supports and acknowledges human and labor rights standards set out in the OECD Guidelines for Multinational Enterprises, The International Labor Organization and The United Nations Guiding Principles on Business and Human Rights.

The objective of the policies is to provide a safe, fair and inclusive working environment free from any form of discrimination and abuse and to support company employees to develop their potential. Borgestad shall comply with the highest standards and laws related to human rights and health and safety in the countries where the company operates.

4.2.1.2. Processes for engaging with own workers and workers' representatives about impacts

Borgestad adheres to the highest standards and practices for health and safety in its own operations. The company works to ensure that health and safety are maintained in the value chain by creating space for communication and dialogue, conducting regular health and safety reviews, and setting clear requirements for the company's suppliers through relevant policies.

Höganäs Borgestad's production operations have injury and accident risks. The company's preventive work is structured and carried out by the management, administration, and workers in cooperation with trade unions and regulatory authorities. At Höganäs Borgestad, safety rounds and internal courses are held throughout the year, and employees are responsible for following safety regulations and minimising the risk of injuries to themselves and their colleagues. Any risks identified must be reported. Höganäs Borgestad also operates in an industry where physical overload and subsequent wear-and-tear injuries are a risk. In the event of injuries, employees receive follow-up with a doctor, physiotherapy, and rest. The responsible manager follows up with the employees in accordance with standards and requirements from the relevant authority, e.g., NAV in Norway.

To mitigate negative impacts and risks on gender balance, Borgestad motivates both mothers and fathers to take parental leave. The company offers good parental leave arrangements in portfolio companies with the aim of contributing to an equal everyday life. Equality is a fundamental principle for all aspects of the company's operations, and no form of discrimination based on gender, religion, orientation, age, or ethnicity is accepted. The fundamentals of equality and motivation for all employees to take parental leave and for the Group to be flexible related to parental leave or in other circumstances are a highly valuable within the Group for Board of Directors, executive management and all other employees.

4.2.1.3. Processes to remediate negative impacts and channels for own workers to raise concerns

Borgestad has a channel for raising concerns through Höganäs Borgestad's independent whistle-blower channel that is available for own workers on the intranet. When a concern is raised through the whistle-blower channel, the whistle-blower has the opportunity to stay anonymous. The concern is sent to the CEO for handling and is further reported to the chairman of the board.

4.2.1.4. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Borgestad will continue to work towards the company's vision of zero injuries and accidents in the workplace. All companies in the Group are expected to minimise the risks of injuries, accidents, and illness related to work.

In addition, Borgestad has a goal of a total sick leave across the company of less than 3%. Despite positive development particularly in Finland, the figures in Sweden and Norway are somewhat higher in 2023 than in 2022. The average number for Borgestad was 6% (see table under social metrics).

4.2.1.5. Characteristics of employees

Employee categories	Female	Male	Other	Total
Number of employees (head count)	84	504	-	588
Number of permanent employees (head count)	70	448	-	588
Number of temporary employees (head count)	7	268	-	275
Number of non-guaranteed hours employees (head count)			-	
Number of full-time employees (head count)	53	448	-	501
Number of part-time employees (head count)	17	70	-	87

4.2.1.5.1. *Employees* per country

Category	Number (head count)
Sweden	389
Norway	64
Finland	87
Poland	35
Other	13

4.2.1.6. Turnover

Category	Number
Turnover headcount	36
Turnover rate	6%

4.2.1.7. Collective bargaining coverage and social dialogue

	Collective bargaining coverage
Coverage rate	**Employees - EEA**
0-19%	
20-39%	
40-59%	
60-79%	Norway
80-100%	Sweden

*not allowed to ask in Finland and Poland

4.2.1.8. Diversity metrics

Category	Men	Female	Total
Number of employees	504	84	588
% total number of employees	86 %	14 %	100 %
Number of managers, all levels	29	8	37
% total number of managers	78 %	22 %	100 %

The proportion of women on the company's board is 40% (two out of five, excluding deputy members).

4.2.1.9. Health and safety metrics

Category	2023	2022	2021
Injuries	13	10	9
Fatalitied	0	0	0

4.2.1.10. Sickness absence metrics

Country	2023	2022	2021
Norway	6.92 %	4.90 %	3:65 %
Sweden	6.48 %	4.17 %	6.90 %
Finland	3.56 %	7.10 %	7.01 %

4.2.1.11. Compensation metrics (pay gap and total compensation)

Category	Number
Average gross monthly pay (NOK)	64645
Pay gap (%)	36%

4.2.2. Workers in the value chain

Impacts	Description and link to business model
Health and safety	Much of the raw materials used in refractory products are sources in countries like Guyana, China, and other regions in southern Asia (-)
Human rights	Much of the raw materials used in refractory products are sourced in countries like Guyana, China, and other regions in southern Asia which tank high on human rights risks (-)
Risks	**Description and link to business model**
Human rights breaches	Resulting in financial penalties and reputational damage
Non-compliance Transparency Act	Resulting in financial penalties and reputational damage for failure to monitor human rights risks in the supply chain
Opportunities	**Description and link to business model**
Supply chain engagement	Engagement with suppliers leads to more transparency in the industry supply chain

4.2.2.1. Policies related to value chain workers

As reflected in the Borgestad's Ethical Code of Conduct, the company shall have high integrity and ethical conduct in all aspects of its business. This includes identifying, preventing, mitigating, and accounting for adverse environmental, human rights and governance impacts in own operations, and the company expects the same commitment from suppliers.

In the company's business endeavours, Borgestad strives to uphold the UN Guiding Principles on Business and Human Rights. This includes treating employees fairly, with dignity and respect, and avoiding causing or contributing to abuse of human and labour rights, including child labour. Borgestad takes a zero-tolerance approach towards any form of modern slavery, servitude, forced or compulsory labour and any form of human trafficking in the supply chain. Suppliers must work to prevent child labour in their operation and supply chain and ensure legal working conditions for young workers. Further information can be found in Borgestad's Norwegian Transparency Act report available on the company web page.

4.2.2.2. Processes for engaging with value chain workers about impacts

Borgestad does not yet have direct engagement with workers in the value chain. However, through the company representation in European Refractories Producers Federation (PRE), the aim is to contribute to the broader dialogue on value chain due diligence. More engagement with workers in the value chain will also be the result of the company’s continued work related to the Transparency Act.

4.2.2.3. Processes to remediate negative impacts and channels for value chain workers to raise concerns

In line with company commitment to uphold the highest standards of ethical conduct and integrity across operations and supply chains, Borgestad encourages open communication regarding compliance with our Supplier Code of Conduct and the Borgestad Ethical Code of Conduct. Borgestad has a channel for raising concerns through Höganäs Borgestad’s independent whistle-blower channel that is available for workers in the value chain on the company web page.

4.2.2.4. Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Borgestad is a member of the PRE and can help increase the focus on the complexity of the value chain through representation in this forum.

In Norway, Höganäs Borgestad AS has developed its own supplier assessment and requires suppliers to sign a Health, Safety and Environment (HSE) declaration. This is done to ensure that the supplier complies with the same ethical guidelines that are stated in the company's Ethical Code of Conduct. The aim is to achieve quality and proper production in all stages.

To ensure supply chain transparency for own operations, Borgestad reports to the sustainability reporting company EcoVadis and was awarded a silver rating in 2023. EcoVadis rates companies in four categories: Environment, Labour & Human Rights, Ethics and Sustainable Procurement. The EcoVadis methodology is based on international sustainability standards (Global Reporting Initiative, United Nations Global Compact, ISO 26000), and supervised by a scientific committee of sustainability and supply chain experts, to ensure reliable third-party sustainability assessments.

Borgestad has adopted, and will continue to develop, a risk-based approach for its supply chain, where suppliers operating in high-impact or risk area are prioritized. Such prioritizations allow Borgestad to implement mitigating actions where they have the most effect. This supports Borgestad’s commitment for responsible business practices and sustainable growth.

4.2.2.5. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Borgestad has a 2027 target of investigating whether the company’s high-risk suppliers have systems in place to follow up the principles according to Borgestad’s Supplier Code of Conduct.

4.3. Governance

4.3.1. Business conduct

Impacts	Description and link to business model
Corruption and bribery incidents	Much of the raw materials used in refractory products are sourced from countries that rank high on corruption risk (-)
Risks	**Description and link to business model**
Corruption and bribery incidents	Could involve Borgestad personnel or suppliers, resulting in financial penalties, reduced reputation and/or loss of business
Volatile prices and export complexities	Impacts cost base but also tests the adaptability in meeting client needs
Opportunities	**Description and link to business model**
Supply chain engagement	Borgestad can engage with suppliers to increase transparency and improve business conduct in the industry

4.3.1.1. Corporate culture and business conduct policies and corporate culture

Borgestad is committed to the highest standards of ethical conduct and integrity. This commitment is embodied in the company Ethical Code of Conduct, which applies to all employees and Board of Directors. The business operations are guided by a steadfast adherence to applicable laws and regulations, underpinned by a dedication to ethical, sustainable, and socially responsible practices.

Borgestad has zero tolerance for any form of corruption and bribery, without exception. Trainings and controls have been implemented to prevent and mitigate the risk of corruption throughout company operations. Every individual representing Borgestad is entrusted with the responsibility to ensure that their actions are in full compliance with both legal standards and internal ethical requirements as detailed in the Ethical Code of Conduct. Non-compliance is treated as a serious violation and disciplinary matter.

4.3.1.2. Management of relationships with suppliers

Borgestad is committed to improving its sustainable work by focusing on responsible supply chain management, through ethical and sustainable procurement practices. A key initiative has been done in 2023 with the implementation of the Policy for Sustainable Business Practice.

The company has integrated social and environmental criteria into its supplier selection process, aiming to improve the sustainability of its supply chain. Efforts include the support of local and at-risk suppliers to build a resilient supply chain capable of withstanding various challenges.

Borgestad is currently evaluating its supplier management strategies through audits and direct engagement, aiming for transparency and collaboration. As part of the company's ongoing journey towards better ESG performance, Borgestad is committed to sustainable procurement, clear communication with suppliers, and contributing positively to its sustainability objectives.

4.3.1.3. Prevention and detection of corruption and bribery

Borgestad relies on several suppliers of critical raw materials, many who operate in countries where the risk of corruption and bribery incidents is high. Borgestad has a whistle-blower service, and all employees have a right and duty to report any violations of the principles of the Ethical Code of Conduct. Employees are encouraged to express fears or draw attention to actions with possible ethical implications.

Further, employees undertake regular training on anti-corruption and anti-bribery as a mean to prevent and detect corruption and bribery.

4.3.1.4. Confirmed incidents of corruption or bribery

There were no incidents of corruption reported during 2023.

Borgestad, 26 April 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

Borgestad Group, Financial statements

Consolidated income statement

(NOK 1 000)	Note	2023	2022
Revenue	3	1 106 195	918 773
Other income	3	35 222	12 953
Total revenue and other income		1 141 417	931 726
Materials, supplies and subcontracting	2	582 570	444 873
Salary and personnel expenses	4,5	347 108	292 525
Other expenses	2,4	84 262	142 035
Total operating expenses		**1 013 939**	**879 433**
EBITDA		**127 478**	**52 293**
Depreciation	11,12	31 750	31 799
Impairment of non-current assets	9,11	94 298	91 343
Operating profit		1 430	-70 848
Financial items			
Foreign currency gain/(loss)	6	10 534	-6 839
Interest expenses	6	51 910	47 429
Other financial income/(expenses)	6	2 664	796
Net financial items		-38 712	-53 472
Profit before taxes		**-37 283**	**-124 320**
Income tax	7	26 309	1 789
Profit/(loss) for the year		**-63 592**	**-126 109**
Allocated as follows:			
Non-controlling interest's share of the profit		14 690	-1 304
Controlling interest's share of the profit		-78 281	-124 805
Basic and diluted earnings per share	8	-0,23	-1,11

STATEMENT OF OTHER COMPREHENSIVE INCOME	2023	2022
Profit/(loss) for the year	-63 592	-126 109
Other comprehensive income		
Other income and expenses that will not be reclassified to profit:		
Net actuarial gain/(loss) on defined benefit pension plans net of tax	-1 819	22
Other income and expenses that may be reclassified to profit or loss:		
Translation differences	24 058	11 919
Change in fair value of cash flow hedging net of tax	-7 406	17 471
change in other equity transactions	-1	1 475
Net other comprehensive income	**14 832**	**30 887**
Total comprehensive income for the year	**-48 760**	**-95 222**
Non-controlling interest's share of total comprehensive income	18 605	-3 193
Controlling interest's share of total comprehensive income	-67 365	-92 029

Consolidated statement of financial position

(NOK 1 000)	Note	2023 31.12.	2022 31.12.
Assets			
Investment property	9,11	701 407	745 008
Land, buildings and asset under construction	11	17 890	52 934
Fixtures, plant, machinery and vehicles	11	37 066	34 448
Licences, trade marks and similar rights	11	28 499	1 172
Right-of-use assets	12	33 902	33 352
Goodwill	13	90 108	87 165
Other financial assets	5,22,23	6 679	37 572
Other shares	16	176	1 852
Deferred tax asset	7	13 734	17 623
Total non-current assets		929 461	1 011 126
Inventories	14	118 733	147 280
Trade receivables	19,23	184 567	202 585
Other receivables	19,23	7 763	14 508
Cash and cash equivalents	15	152 688	91 059
Total current assets		463 752	455 432
Non-current assets classified as held for sale	10	13 165	-
Total assets		**1 406 378**	**1 466 558**

(NOK 1 000)	Note	2023 31.12.	2022 31.12.
Equity and liabilities			
Share capital	17	350 621	152 491
Treasury shares		-	-80
Share premium and other paid-in capital		326 121	335 382
Total paid-in capital		**676 741**	**487 793**
Other reserves		153 759	137 106
Other equity		-147 929	-171 692
Retained earnings		**5 830**	**-34 585**
Non-controlling interest		73 270	54 665
Total equity		**755 842**	**507 873**
Interest-bearing debt	18,19,23	335 742	480 258
Bond loan	18,19,23	-	96 581
Other non-current liabilities	18,19,23	-	631
Lease liability	12,23	27 453	29 008
Pension liabilities	5	6 369	5 987
Deferred tax	7	7 988	1 503
Total non-current liabilities		**377 552**	**613 967**
Interest-bearing debt	10,18,19,23	60 043	30 533
Lease liability	12,23	12 641	8 869
Bank overdraft	16,18	24 098	58 537
Trade payables	19	64 017	83 631
Liabilities for current tax	7	12 147	1 681
Public duties payable	19	27 560	23 852
Other short-term liabilities	19,23	72 479	137 615
Total current liabilities		**272 984**	**344 718**
Total equity and liabilities		**1 406 378**	**1 466 558**

Borgestad, 26 April 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

Cash flow

(NOK 1 000)	Note	2023	2022
Profit before taxes and minority interest		-37 283	-124 320
Income taxes paid		-1 681	-3 609
Profit/(loss) on shares and other investment activities		1 306	-9 543
Depreciation	11,12	31 750	31 799
Impairment of non-current assets	9,11	94 298	91 343
Accounting gains on fixed assets		27	368
Change in short term receivables, liabilities and inventories		78 496	-36 624
Cash flow from operating activities		166 913	-50 588
Investment in fixed tangible and intangible assets	11	-37 912	-19 133
Sale of fixed assets		1 328	138
Dividends from associated companies		-	1 041
Sale and dividends from other shares and bonds		-	9 805
Cash flow from investment activities		-36 584	-8 148
Proceeds from issuing new shares		296 729	215 019
Repayment of borrowings	18,23	-312 498	-157 994
Net change bank overdraft	18,23	-34 439	58 537
Payment of lease liabilities	12,23	-18 492	-14 104
Cash flow from financial activities		-68 700	101 458
Net cash flow this year		61 629	42 722
Liquidity at beginning of the period		91 059	48 337
Liquidity at the end of the period	**15**	**152 688**	**91 059**

Consolidated 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**
Issue of share capital and bond conversion	139 766	124 032							263 798
Profit/(loss) for the year		-12 019					-112 786	-1 304	-126 109
Net other comprehensive income		-165			17 471	11 901	3 569	-1 888	30 887
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**
Share capital decrease by transfer to other paid-in capital	-114 362		114 362						-
Issue of share capital	312 500	-15 771							296 729
Other change	-8	-72		80					-
Profit/(loss) for the year		-106 391					28 110	14 690	-63 592
Net other comprehensive income		-1 388			-7 406	24 059	-4 347	3 915	14 832
Equity as at 31.12.2023	**350 621**	**211 759**	**114 362**	**-**	**6 154**	**147 605**	**-147 929**	**73 270**	**755 842**

Borgestad Group,
Notes to the financial statements

Note 1 Corporate information

Borgestad ASA is an investment company focused on real estate and refractory.

Borgestad ASA is a public listed company on the Oslo Stock Exchange with the ticker “BOR” and are domiciled in Norway. The office address is Gunnar Knudsens veg 144, 3712 Skien, Norway.

Note 2 Basis for preparation and estimates and assumptions

Statement of compliance
Borgestad has prepared its consolidated financial statements in accordance with IFRS© Accounting Standards as adopted by the EU as at 31 December 2023 and Norwegian disclosure requirements pursuant to the Norwegian accounting act as at 31 December 2023.

The consolidated financial statements have been prepared under the historical cost convention. The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. Areas involving a higher degree of judge mentor complexity, or areas where assumptions and estimates are material to the consolidated financial statements.

The consolidated accounts as at 31 December 2023 have been approved by the company's board on 26 April 2024 and will be presented for approval at the ordinary general meeting on 3 June 2024.

Change in comparative figures
In 2023 Management have renamed the consolidated income statement line item from “Cost of goods sold” to materials, supplies and subcontracting. The Group consider the change to present a more fair and correct classification of the accounting items. As a result, The Borgestad Group has changed the comparative figure in materials, supplies and subcontracting for 2022, which is increased by TNOK 184,317, at the same time, other operating expenses have been reduced by TNOK 184,317. The nature of the increase in Materials, supplies and subcontracting are mainly offset by the inclusion of subcontractors and production expenses which previously was presented as “Other operating expenses”. The Group consider the change to be more fair and correct classification of the accounting items.

Reported 2022	2022
Revenue and other income	**931 726**
Materials, supplies and subcontracting	260 555
Salary and personnel expenses	292 525
Other expenses	326 352
Total operating expenses	**879 433**
EBITDA	**52 293**
Changes included in 2023 for 2022 figures	**2022**
Revenue and other income	**-**
Materials, supplies and subcontracting	184 317
Salary and personnel expenses	-
Other expenses	-184 317
Total operating expenses	**-**
EBITDA	**-**
Reported 2022 figures in 2023 the Annual report	**2022**
Revenue and other income	**931 726**
Materials, supplies and subcontracting	444 873
Salary and personnel expenses	292 525
Other expenses	142 035
Total operating expenses	**879 433**
EBITDA	**52 293**

Changes after the presented fourth quarter

Following the submission of the Q4 2023 report, Management has conducted a new assessment of Agora Bytom, which has led to an additional write-down of NOK 30.8 million. The reasons for this additional write-down are due to discounts given to tenants and an increase in structural vacancy from 3% to 4%. See Note 9 for more information about the write-down.

Consolidation principles

The Group’s consolidated financial statements comprise the parent company and it's subsidiaries as of 31. December 2023. An entity has been assessed as being controlled by the Group when the Group is exposed for or have the rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the amount of the Group’s returns.

Thus, the Group controls an entity if and only if the Group has all the following: power over the entity; exposure, or rights, to variable returns from its involvement with the entity; and the ability to use its power over the entity to affect the amount of the Group’s returns.

There is a presumption that if the Group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity. Including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the Group and shareholder's agreement or other contractual agreements. The assessments are done for each individual investment.

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Business combinations are accounted for by using the acquisition method. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests is presented separately under equity in the Group's balance sheet.

Business combinations and goodwill

Goodwill

When purchasing a business, all acquired assets and liabilities are assessed for classification and assignment in accordance with contract terms, financial circumstances and relevant conditions at the time of acquisition. The difference between the consideration for acquisition and the fair value of net identifiable assets and liabilities at the time of acquisition is classified as goodwill. When investing in affiliated companies, goodwill is included in the investment's carrying value.

Goodwill is entered in the balance sheet at acquisition cost, less any accumulated write-downs. Goodwill is not written off, but is tested at least annually for impairment. In connection with this, goodwill is allocated to cash-flow-generating units or Groups of cash-flow-generating units that are expected to benefit from the synergy effects of the business combination.

Currency

Functional currency and presentation currency

The consolidated accounts are presented in Norwegian kroner (NOK). Transactions carried out by the respective Group companies are recorded in the currency that is generally used in the economic environment where the units operate (functional currency).

Transactions and balance sheet items in foreign currency

Transactions in foreign currency are converted to the average annual exchange rate as an approximation of using the exchange rate on the day of the transaction. Currency gains and losses that arise as a result of changes in the exchange rates between the time of the transaction and the time of payment and which are due to the conversion of cash items in foreign currency to exchange rates at the end of the balance sheet date are accounted for in the income statement, with the exception of translation differences that are linked to the Group's net investment in a foreign entity. These conversion differences have been entered via a statement of comprehensive income against equity. Claims on foreign entities are included as part of the net investment in cases where settlement of the claim is neither planned nor likely in the foreseeable future. In the event of a future sale of a foreign entity with a functional currency different from the Group's presentation currency, all accumulated translation differences relating to the entity will be included in the calculation of gain or loss.

Non-monetary assets and liabilities in foreign currency that are accounted for at historical cost are included based on the exchange rates at the time of the transaction.

Consolidation

The accounts for all units in the Group that use a functional currency that deviates from the Group's presentation currency are converted to the Group's presentation currency as follows:

- Assets and liabilities are converted to closing prices on the balance sheet date;

- Income and costs are converted to annual average rates; and

- All conversion differences are shown on a separate line as part of the statement of comprehensive income.

Currency on intra-Group loans as well as the associated tax cost that is included as part of the net investment in subsidiaries is accounted for against other income and costs that will be reclassified above profit.

Principles of income recognition

According to IFRS 15, the Group must recognize the income when the delivery obligations are fulfilled or alternatively as the delivery obligations are fulfilled. This happens when the customer has taken over control of the product or service linked to a given delivery obligation. Apart from non-quantifiable framework agreements, the income is order-driven.

The Group recognizes income from the following three main sources:

- Ongoing sales of refractory products
- Sale of installation and maintenance services to the refractory industry
- Rental income as a lessor

For the Refractory segment, income mainly consists of deliveries of refractory materials or other goods to various types of customers as well as installation services. Transaction prices for refractory materials are set and measured per ton, while transaction prices for installation and maintenance services are set in delivery agreements and project agreements. Income from the sale of these goods is recognized in the income statement when delivery has taken place. Most of segment refractory's deliveries of refractory products have the time of delivery at the time of handover to the carrier. Installation service and maintenance projects have a relatively short duration and are recognized as revenue in line with progress.

Installation and maintenance services of refractory materials are seasonal and there is little activity at the beginning and end of the year. Installation projects and maintenance services of refractory materials normally have a short time horizon and the delivery times for the transfer of goods and services are clear. The service performed and the delivery of goods are also easy to quantify. Accrual of income is therefore followed by quantified achieved degree of completion for installation and maintenance projects. Accrued costs are taken into account in the final invoicing upon handover of the project.

Warranty obligations related to the sale of refractory products, installation and maintenance services cannot be sold separately and the Group's warranty give customers assurance that the products meet the set requirements. The Group will recognize guarantee obligations in accordance with IAS 37.

Classification of items in the balance sheet

Current assets and short-term liabilities include items due for payment within one year of the balance sheet date, as well as items linked to the product cycle if this is later. The short-term part of long-term debt is classified as short-term debt. Financially motivated investments that the Group expects to realize within one year after the balance sheet date are classified as current assets, other assets are classified as fixed asset.

Fixed assets

Fixed assets are entered in the balance sheet at acquisition cost less accumulated depreciation and write-downs. When assets are sold or disposed of, the balance sheet value is deducted and any loss or gain is recognized in profit or loss.

Depreciation is calculated using the straight-line method based on the assumed useful life and residual value at the end of the useful life. The depreciation period and method are assessed annually to ensure that the method and period used correspond to the financial realities of the fixed asset. The same applies to residual value.

Acquisition cost for fixed assets is the purchase price, including fees/taxes and costs directly related to putting the fixed asset in condition for use. Expenses incurred after the asset has been put into use, such as ongoing maintenance, are recognized in the income statement, while other expenses that are expected to provide future financial benefits are recognized in the balance sheet.

Gains on disposal of fixed assets, investment properties and development projects are presented as other income. Increases in the value of investment properties are only recognized on full or partial sales.

Segments

For management reporting purposes, the Group is organized into business units based on its activities and has three reportable segments. The financial information relating to segments is presented in Note 3 Segment.

Investment property

The Group owns both investment properties and a building acquired for its own use. Properties that are acquired for the purpose of letting out to tenants outside the Group, and that are acquired to achieve a long-term return on rental income or to achieve an increase in value, or both, are classified as investment properties. In this context, tenants who are affiliated with the company are considered to be tenants outside the Group.

The Group's investment property is listed at acquisition cost, less accumulated depreciation and write-downs. Acquisition cost includes transaction costs for purchase, and design costs, direct labor costs, borrowing costs, other direct costs and related fixed costs for construction or development. Expenses are added to the investment property if it is likely that these will provide future value, and the expense can be measured reliably. Other expenses for repair and maintenance are recognized in the income statement in the period in which they are incurred. The investment properties are depreciated on a straight-line basis over their expected lifetime.

Investment property in the Group companies are presented on a separate line in the balance sheet.

Climate risk

The climate changes that the world is facing today are significant, and this entails risks, but also opportunities for companies. Climate risk refers to the potential damage or negative impact on human and natural systems as a result of climate change. This can include physical risks, such as damage from extreme weather events, as well as transition risks related to the green shift, such as changes in political and regulatory framework conditions or market changes and economic losses due to the phasing out of fossil fuels in the transition to a low carbon economy.

Borgestad has so far carried out an overall assessment of its exposure to climate risk guided by the framework from the Task Force on Climate-related Financial Disclosure (TCFD).

Physical climate risk

For Borgestad, physical climate risk has mainly been assessed in the upstream value chain, i.e. linked to the extraction and deliveries of raw materials from areas including China and southern Asia. Effects on this part of the value chain, which in turn can affect Borgestad, will typically be linked to shutdowns and transport problems resulting from various types of extreme weather and the impact it has on both the opportunity to work and society at large.

Short term (0-3 years): In the short term, the risk of extreme weather of such a scale and frequency that it will affect Borgestad's raw material deliveries, or equivalently for Borgestad's suppliers of refractory products, is considered to be relatively low.

Medium term (3-10 years): Over time, increased occurrence of extreme weather conditions may begin to affect various upstream suppliers and their local infrastructure. A number of such conditions may be relevant, including the direct effect of, for example, extreme heat (which may lead to shutdowns), water shortages (which may result in shutdowns or increased absences for workers) and rain/floods (which may result in shutdowns), and indirect effects through economic and political turbulence resulting from climate-related challenges in society.

Long-term (>10 years): In the long term, climate change may lead to further more extreme conditions, which in turn cause disruptions, transport delays, conflict, political instability, disruption and migration. These factors can have a significant impact on Borgestad's supply chains in vulnerable areas

Potential financial impacts

The effects described above can affect Borgestad in two ways in particular:

1. Increased prices resulting from reduced supply and still high demand
2. Increased lead time for raw materials as a result of reduced supply, downtime and unpredictable extraction and transport

Both effects 1 and 2 will affect Borgestad's ability to deliver competitive prices with the desired delivery time and predictability.

- Potential economic consequences: High

- Risk in the short term: Low
- Medium-term risk: Medium
- Long-term risk: Medium

Borgestad will essentially await the identification of measures and include this as part of a closer analysis of the group's exposure to various risk factors. A process that already appears to be significant is a mapping of subcontractors and increased communication/interaction with the value chain so that a more active relationship with actual risk is achieved. Increased diversification when it comes to subcontractors may also become relevant, to ensure access to various alternatives should any subcontractors be exposed to any of the above-mentioned risks.

Climate transition risk
Future emission and environmental regulations will be necessary for the world to be able to reduce its climate impact sufficiently for the targets in the Paris Agreement to be reached. The societal change that comes through this restructuring is referred to as the green shift. Transition risk is a collective term for the type of risk that arises due to this changeover.

Regulatory risk
Failure to comply with new regulations may result in fines or non-approval of compliance documentation. Future regulations may entail significantly increased costs for negative climate impacts, for example through more aggressive taxation of emissions of CO2 and other greenhouse gases. Such changes will entail significant increased costs for both Borgestad, our production partner and our customers and are thus a threat to both supply and demand for refractory products. At the same time, it will result in increased pressure to transition to alternative energy sources, a transition that is important for Borgestad to be aware of and consider how to deal with.

Borgestad operates in a relatively emissions-intensive industry, as do several of our customers. The group is aware of this and the uncertainty it entails and will continue its work to map which transition risks the business and the value chains are exposed to.

Potential financial impacts
Production of refractory products is a relatively energy-intensive business. Borgestad has reduced its direct risk exposure, but is still exposed to regulatory risk through our German partner's production, and now has less influence on how this risk is handled.

Borgestad considers this risk to be particularly relevant to our business and will prioritize further analyzes of this going forward. Borgestad's initial survey points to the following as significant risk points for further investigation:

Risk point 1: Increased tax on CO2 and other greenhouse gases will increase the production cost for Borgestad and our suppliers of refractory products where natural gas is a significant

energy source. This will affect the prices we have to charge our customers and may affect our profitability and competitiveness, if other players can price themselves lower due to less exposure to such cost increases.

Risk point 2: Increased tax on CO2 and other greenhouse gases will increase production costs for customers. This can result in reduced purchasing power and willingness to pay as a result of pressured profitability. This effect can be further influenced by customers having to deal with Borgestad's emissions through their own Scope 3 calculations and reports.

- Potential economic consequences: High
- Risk in the short term: Low
- Medium-term risk: Medium
- Long-term risk: High

Borgestad will essentially await the identification of measures and include this as part of a closer analysis of our exposure to various risk factors. It is nevertheless reasonable to assume that an increased focus on reducing emission intensity through innovation and technology development will be necessary.

Reputational risk

The company's business emission intensity can pose a reputational risk. Failure to comply with upcoming regulatory requirements could exacerbate this risk. New regulatory requirements will also make it easier for stakeholders to monitor how companies approach their own emissions. It will be important for Borgestad to get a good overview of its own emissions and how the group works with this in the long term.

Potential financial impacts

A lack of sustainable practice can negatively affect the outcome of tender processes for Borgestad. With growing awareness of climate issues and increasing pressure on sustainability, many companies are incorporating green criteria when making their procurement decisions. This could lead to a negative income effect for Borgestad through loss of business and income. Furthermore, a lack of focus on sustainability-related topics can lead to a lower willingness to invest from investors and banks.

- Potential economic consequences: Low
- Risk in the short term: Low
- Medium-term risk: Low
- Long-term risk: Medium

Borgestad will essentially await the identification of measures and include this as part of a closer analysis of our exposure to various risk factors, where the risk is considered high.

Potential financial impacts

Increased costs linked to the emission of greenhouse gases as discussed above can also lead to increased demand for high-quality refractory products, as this type of product can be an important means of reducing our customers' energy use and thus their own emissions. This represents both an opportunity for Borgestad, if the group manages to offer good products with industry-leading properties, and a commercial risk if the group itself or through production partners does not have access to products of sufficiently high quality.

- Potential economic consequences: High
- Risk in the short term: Low
- •Medium-term risk: Medium
- •Long-term risk: High

Borgestad will essentially await the identification of measures and include this as part of a closer analysis of our exposure to various risk factors. At the same time, it indicates that a diversification of the product offering and the markets in which the group operates will have to be considered, as well as that investments in innovation and new technology will be prioritized, as this will probably contribute to a more sustainable practice, optimization on the cost/expenditure side and thus be central to handling of risk.

Financial instruments
Financial assets and liabilities within the scope of IFRS 9 are classified in the following relevant categories for the Group:

- Financial assets at amortized cost;
- Equity instruments (shares) at fair value through profit or loss;
- Equity instruments (shares) at fair value through other comprehensive income;
  - Financial derivatives that are measured at fair value over profit or loss, unless the derivatives are designed in an effective hedging relationship;
- Other financial obligations at amortized cost

The Group has no investments in debt instruments that are measured at fair value with changes in value through other comprehensive income.

Receivables and impairment of financial assets
The Group's receivables, which mainly consist of trade receivables with short maturities and receivables from lease agreements, are held to receive contractual cash flows and the cash flows only consist of payment of face value and any interest. Group receivables are measured at amortized cost, less provision for expected losses. The Group regularly reviews outstanding receivables and prepares for each reporting period estimates for bad debts which form the basis for the accounting provision. In addition, the expected loss is assessed based on the best available information on historical, current and future conditions. In accordance with IFRS 9, a simplified loss provision model is used for trade receivables and lease receivables, where, in addition to actual loss events, provision is made for expected future losses over the lifetime of the receivable.

According to IFRS 9, financial assets are to be classified in three measurement categories: fair value with value change through profit or loss, fair value with value change through other comprehensive income (OCI) and amortized cost. The classification is based on whether the instruments are held in a business model both to receive contractual cash flows and for sale, and whether contractual cash flows are only payments of interest and principal on given dates.

Financial instruments held primarily for the purpose of selling or buying back in the short term are classified as current shares. Other shares are classified as fixed assets.

Derivatives at fair value designated as hedging instruments
The Group has entered into interest rate protection for the mortgage loan in Agora Bytom. On initial accounting, derivatives are entered at fair value. The derivates are measured at fair value at each reporting date. All the Group's derivatives are entered into and earmarked for hedging purposes and are accounted for as hedging instruments.

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value through other comprehensive income (OCI).

Borrowings
Borrowing is accounted for at amortized cost using the effective interest method. Unamortized transaction costs are entered against the loan account in the balance sheet and the amortization costs are reflected in the profit and loss account as interest costs. Any gains and losses are only recognized in the income statement when the obligation is redeemed.

Loan expenses
Borrowing expenses are recognized in the income statement when the borrowing cost is incurred. Borrowing costs are entered in the balance sheet to the extent that these are directly related to the manufacture of a fixed asset. Entering of the loan costs at the balance sheet is done up to the time the fixed asset is ready for use.

Impairment of non-financial assets and goodwill
On the balance sheet date, Borgestad assesses whether there are objective impairment indicators for fixed assets, including investment properties and goodwill. Goodwill is tested annually. If there is an impairment indicator, the recoverable amount is calculated. Recoverable amount is the higher of an asset's fair value less costs of disposal and the asset's value in use for the company. Value in use is calculated based on a discounting of expected future cash flows from the asset. When it is assumed that the asset's recoverable amount is lower than the balance sheet value, the asset is written down to it’s recoverable amount.

Write-downs booked in previous periods are only reversed if there are changes in the estimates used to determine the recoverable amount. However, the reversal amount can only be so large that the balance sheet value after the reversal corresponds at most to the value at which the asset would have been registered if the write-down had not been carried out earlier. Such reversals are recognized in the income statement.

Provisions
Provisions are recognized when the Group has an actual obligation (legal or assumed) as a result of events that have occurred and it is likely that a financial settlement will occur as a result of the obligation, and that the size of the amount can be measured reliably.

Contingent liabilities and assets
Contingent liabilities are not accounted for in the annual accounts. Contingent liabilities are disclosed, with

the exception of contingent liabilities where the probability of future cash outflows is considered to be very low.

A contingent asset is not accounted for in the annual accounts, but is disclosed in cases where there is a preponderance of probability that a benefit will flow to the Group.

Leases

Identification of a lease

When entering into a contract, the Group assesses whether the contract is or contains a lease agreement. A contract is or contains a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

Separation of the components of a lease

For contracts that constitute or contain a lease, the Group separates lease components if it can benefit from the use of an underlying asset either alone or together with other resources that are readily available to the Group, and the underlying asset is neither highly dependent on nor closely connected to other underlying assets in the contract. The Group then accounts for each individual lease component of the contract as a lease separately from non-lease components of the contract.

Recognition of lease agreements and recognition exceptions

At the commencement date, the Group recognizes a lease liability and a corresponding right-of-use asset for all its lease agreements, with the exception of the following applied exceptions:

- Short-term leases (lease period of 12 months or less)
- Assets of low value

For these leases, the Group recognizes the lease payments as other operating costs in the profit and loss account when they are incurred.

Lease obligations

The Group measures lease obligations at the time of implementation at the present value of the lease payments that are not paid at this time. The lease period represents the non-cancellable period of the lease agreement, in addition to periods covered by an option either to extend or terminate the lease agreement if the Group with reasonable certainty will (will not) exercise this option.

- The rental payments included in the measurement of the lease liability consist of:
- Fixed rental payments (including in reality fixed payments), minus any receivables in the form of rental incentives
- Variable lease payments that depend on an index or an interest rate, first measured using the index or interest rate at the time of commencement
- Amounts expected to be paid for the Group in accordance with residual value guarantees

- The exercise price for a call option, if the Group will with reasonable certainty exercise this option
- Payment of a fine for terminating the lease, if the lease period reflects that the Group will exercise an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect lease payments made and re-measuring the carrying amount to reflect any revaluations or changes to the lease, or to reflect adjustments in lease payments that resulting from adjustments in indices or rates.

The Group presents its lease obligations on separate lines in the balance sheet.

Rights of use assets
The Group measures right-of-use assets at acquisition cost, less accumulated depreciation and impairment losses, adjusted for any new measurements of the rental obligation. Acquisition cost for the right-of-use assets includes:

- The amount from the initial measurement of the rental obligation
- All rental payments at or before the commencement date, minus any rental incentives received
- All direct expenses for the conclusion of the agreement incurred by the Group
- An estimate of the expenses incurred by the lessee for dismantling and removing the underlying asset, restoring the site where the unit is located, or restoring the underlying asset to the condition required by the terms of the lease, unless these expenses are incurred during the production of the goods.

The Group applies the depreciation requirements in IAS 16 Property, plant and equipment when depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the time of implementation until the earlier of the end of the lease period and the end of the right-of-use asset's useful life.

The Group applies IAS 36 "Impairment of assets" to determine whether the right-of-use asset is impaired and to account for any proven impairment losses.

Right-of-use assets and the rental obligation are listed in Note 12

The Group as a lessor
For contracts where the Group acts as a lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The group as a lessor does not have any finance leases.

Operating leases
For operating leases, the Group recognises lease payments as revenue, mainly on a straight-line basis,

unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Service charges and marketing income are recognised as other income. The Group recognises costs incurred in earning the lease income in other operating expenses. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the rental income.

Cash and cash equivalents
Cash and cash equivalents include cash balances and bank deposits. Cash and cash equivalents are booked at nominal values in the balance sheet. Restricted funds are included in cash and cash equivalents.

Public grants
Public grants are accounted for when there is reasonable certainty that the company will fulfill the conditions relating to the grants, and the grants will be received. Accounting for operating grants is recognized in a systematic way over the grant period. Grants are deducted from the cost that the grant is intended to cover. Investment grants are entered in the balance sheet and recognized in a systematic way over the useful life of the asset. Investment grants are recognized either by the grant being entered as deferred income, or by the grant being deducted when determining the asset's balance sheet value.

Warehouse
Inventories are accounted for at the lower of acquisition cost and net selling price. Net selling price is the estimated selling price for ordinary operations minus estimated costs for completion, marketing and distribution. Acquisition cost is assigned using the FIFO method and includes expenses incurred when acquiring the goods and costs to bring the goods to their current condition and location. In-house produced goods include variable and fixed costs that can be allocated based on normal capacity utilization.

Research and development
Expenses related to research activities are recognized in the income statement when incurred. Expenditures related to development activities are recognized in the balance sheet to the extent that the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. In this accounting period, the Group has no development activities that satisfy the criteria for balance sheet entry.

Dividend
Dividends proposed by the board are booked as a liability in the accounts only when they have been approved by the shareholders in a general meeting.

Own shares
Borgestad ASA's holding of own shares has been brought up to par value before deductions under other paid-in capital. The difference between nominal value and acquisition cost is deducted under other equity.

Earnings per share
Profit per share is calculated by dividing the result by a weighted average number of outstanding shares in the reporting period. Buy-backs of ordinary shares in the period are weighted based on the period they were outstanding. Diluted profit per share is calculated by using the Group's profit, divided by the average number of outstanding shares weighted over the relevant period and the shares that can potentially be converted.

There are no conversion rights or outstanding shares in the Group as of 31 December 2023 and 2022. Diluted earnings per share therefore correspond to earnings per share.

Income tax

Tax expense consists of payable tax and changes in deferred tax. Deferred tax liability and deferred tax assets are calculated on all differences between the accounting and tax value of assets and liabilities with the exception of:

- temporary difference related to goodwill which is not tax deductible
- temporary differences related to investments in subsidiaries or associated companies if the Group controls the timing of when the temporary differences will be reversed and this is not expected to happen in the foreseeable future.

Deferred tax assets are recognized in the balance sheet when it is likely that the company will have sufficient tax profits in later periods to make use of the tax advantage. Accounting for deferred tax assets is subject to relatively strict requirements with regard to the likelihood of actual future utilization. The accounting for this is therefore based on comprehensive assessments. Any changes in the estimate are included in the tax cost for the year.

Deferred tax assets and liabilities are measured based on the expected future tax rate of the companies in the Group where temporary differences have arisen. Deferred tax is presented net when there is a legal right to set off payable tax against tax benefits within the same tax system, and the Group is expected to make a net settlement.

Payable tax and deferred tax are accounted for directly against equity to the extent that the tax items relate to equity transactions.

Related parties

Parties are considered to be closely related if one party has the opportunity to directly or indirectly control the other party or has significant influence over the other party with regard to financial and operational decisions. Parties are also closely related if they are subject to joint control or are under joint significant influence. All transactions between related parties are based on the arm's length principle (assumed market value).

Use of estimates and discretionary valuations

Preparation of the Group's accounts means that the management makes estimates and discretionary assessments. This will therefore affect the amounts reported in the financial statements and the accompanying notes. The management bases its estimates and judgments on past experience and on various other factors which are believed to be reasonable and reasonable in the circumstances.

Future events may cause the estimates to change. Estimates and the underlying assumptions are assessed on an ongoing basis. Changes in accounting estimates are accounted for in the period in which the changes occur. If the changes also apply to future periods, the effect is distributed over the current and future periods.

The areas with the greatest risk of significant changes are the value of investment property, goodwill and shares. Estimates and assumptions are discussed in more detail below, as well as in the various notes to the annual accounts.

The main areas for assessments and associated estimate uncertainty at the time of the balance sheet are stated and explained below:

Fixed assets and investment properties
The Group carries out impairment assessments when there is an indication of a decline in value. Recoverable amount from cash flow generating units is calculated from discounted future cash flows.

When calculating depreciation for the operating assets, the economic useful life is based on estimates. The estimate is based on a long history and experience with the production of refractory elements and the operation of real estate, respectively, which results in lower estimate uncertainty.

For production equipment, major shifts in the market can lead to the need for a changed production range and thus changes in parts of the production apparatus. This may lead to changed estimates in the lifetime of existing machines. Likewise, the technological development could lead to changes in that some production equipment could be discarded, while other equipment could have its lifetime significantly extended with minor adaptations to new technology.

The Group's investment property are accounted for using the cost method with annual depreciation. This should basically reduce the risk of a decline in value beyond the balance sheet value. For the Group, the valuing Agora Bytom is the estimate subject to the largest estimation uncertainty. Main input and assumptions used in the valuation are discount rate, rent per sqm, vacancy, capitalization expenses and growth in terminal value. In Note 9, further and more detailed information are explained.

Deferred tax assets
A deferred tax asset is recognized as an asset to the extent that it is likely that the Group will have sufficient future tax profits to utilize the tax advantage of the unused tax losses, temporary differences and unused tax credits. Assessments must be made to determine the amount that can be recognized as an asset. The balance sheet value of the asset is reviewed at each balance sheet date and is reduced to the extent that the Group can no longer utilize the benefit.

Future events and changes in framework conditions may mean that estimates and assumptions have to be changed. New statements and interpretations of standards may also mean that the choice of principles and presentation will be changed. Such changes will be accounted for when new estimates are drawn up and new requirements for presentation possibly exist. These conditions are discussed in both the principle description and notes.

Estimate		Note	2023
Fixed assets, intangible assets and investment properties	Recoverable amount for impairment assessment and estimation of remaining useful life and scrap value	11	784 862
Shares and other financial instruments	Fair value	16,19	176
Deferred tax assets	Assessment of the ability to exploit tax positions in the future	7	13 734

Events after the balance sheet date

New information after the balance sheet date about the company's financial position on the balance sheet date is taken into account in the annual accounts. Events after the balance sheet date that do not affect the company's financial position on the balance sheet date, but which will affect the company's financial position in the future, are disclosed if this is significant.

Changes in accounting principles and note information

No changes in IFRS with effect for the 2023 accounts have been relevant or implemented the in 2023.

New accounting standards

None of the accounting standards or changes in accounting standards that have been published but are not yet effective are expected to have a significant impact on Borgestad's financial reporting. Furthermore, none of the recently published agenda decisions from the interpretation body IFRS Interpretations Committee are expected to entail the need for significant changes in Borgestad's accounting principles or their practice.

There are no significant events in 2023 per balance sheet date beyond normal operations.

Note 3 Segment Information

Real estate

The Group's largest real estate investment is the Agora Bytom shopping center with a gross area of 52,000 sqm, and a letting area of just over 30,000 sq m in Bytom in Poland. The center was opened on 15 November 2010. As of 31 December 2023, there are 110 (115) shops in the center.

Refractory

The Refractory segment develops, manufactures and delivers refractory products, installations and concept solutions to industrial customers through the Höganäs Borgestad Group. Products that can withstand heat above 1,250 °C are defined as refractory. Refractory materials can be defined as bricks or monolithics, and are produced in many different varieties depending on the area of use. Refractory materials are mainly used to protect production equipment in process industries with high temperatures. The products also contribute to efficient utilization of energy. The business has a leading position within the refractory industry in the Nordics and the segment has a global presence within selected refractory application areas.

Other activities

The segment mainly consists of operations in the parent company Borgestad ASA and the holding companies Borgestad Industries AS and Borgestad Industries AB.

OPERATING SEGMENTS	Real Estate		Refractory		Other activities		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue - external	57 370	50 296	1 048 724	868 146	101	332	-		1 106 195	918 773
Revenue - within the group	-	-	45	67	-	-	-45	-67	-	-
Other income	11 826	10 345	23 396	2 591	-	16			35 222	12 953
Operating income	**69 196**	**60 641**	**1 072 165**	**870 804**	**101**	**348**	**-45**	**-67**	**1 141 417**	**931 726**
Supplies and subcontracting	-	-	315 801	184 318	-	-	-	-	315 801	184 318
Materials	527	483	266 241	260 073	-	-	-	-	266 768	260 555
Total supplies, subcontracting and materials	**527**	**483**	**582 043**	**444 391**	**-**	**-**	**-**	**-**	**582 570**	**444 873**
Salaries and management payment	3 948	2 998	251 711	210 748	3 387	6 061	-	-	259 046	219 807
Social security contributions	601	476	53 261	47 754	984	1 103	-	-	54 845	49 333
Pension costs	-	-	16 427	18 318	211	259	-	-	16 638	18 578
Other personnel costs	28	43	16 445	4 579	105	186	-	-	16 578	4 808
Total salaries and personnel expense	**4 577**	**3 518**	**337 844**	**281 399**	**4 687**	**7 609**	**-**	**-**	**347 108**	**292 525**
Consultancy fees and external personnel	9 425	8 364	7 035	13 789	6 323	4 999	-	-	22 782	27 151
Travel costs	141	137	18 738	33 005	269	343	-	-	19 148	33 485
Other operating costs	17 438	14 860	24 519	66 362	2 044	1 869	-1 670	-1 692	42 331	81 398
EBITDA	**37 088**	**33 280**	**101 986**	**31 860**	**-13 222**	**-14 472**	**1 625**	**1 625**	**127 478**	**52 293**
Depreciation and amortisation	8 458	11 352	22 365	19 377	256	399	671	671	31 750	31 799
Impairments	94 298	91 343	-	-	-	-	-	-	94 298	91 343
Operating profit	**-65 668**	**-69 415**	**79 621**	**12 484**	**-13 478**	**-14 871**	**954**	**954**	**1 429**	**-70 848**
Net agio/disagio	8 436	1 595	0	-5 013	17 704	3 589	-15 606	-3 641	10 534	-3 469
Impairment of financial assets	-	-	-	-	-88 866	-63 038	87 560	63 038	-1 306	0
Net other financial items	-24 318	-24 771	-21 621	-9 628	7 381	-7 316	-9 382	-8 287	-47 940	-50 003
Profit before tax	**-81 549**	**-92 591**	**58 000**	**-2 158**	**-77 260**	**-81 636**	**63 525**	**52 064**	**-37 283**	**-124 320**

Total assets and liabilities into segments	Real Estate		Refractory		Other activities		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total assets	1 008 371	795 380	598 844	655 159	1 003 573	595 330	-1204411	-579 310	1 406 378	1 466 558
Total liabilities	759 067	705 286	289 435	404 993	283 429	109 004	-681 395	-259 827	650 536	959 456

Total assets and liabilities by location	Norway		Poland		Sweden		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total assets	253 990	94 173	738 662	801 022	357 307	500 550	56 419	68 719	1 406 378	1 464 464
Total liabilities	38 249	160 998	351 949	457 510	213 725	295 506	46 613	45 442	650 536	959 456

Geographical revenue by segment	Real Estate		Refractory		Other activities		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Norway	-	-51	277 382	219 933	101	348	-45	-67	277 438	220 163
Poland	69 196	60 692	818	2 181	-	-	-	-	70 014	62 873
Sweden	-	-	403 030	371 137	-	-	-	-	403 030	371 137
Finland	-	-	258 585	162 360	-	-	-	-	258 585	162 360
Scandinavia, others	-	-	3 405	6 884	-	-	-	-	3 405	6 884
Europe, others	-	-	84 335	28 987	-	-	-	-	84 335	28 987
Asia	-	-	32 860	46 324	-	-	-	-	32 860	46 324
Africa	-	-	3 119	2 424	-	-	-	-	3 119	2 424
Other	-	-	8 631	30 573	-	-	-	-	8 631	30 573
Sum	**69 196**	**60 641**	**1 072 164**	**870 804**	**101**	**348**	**-45**	**-67**	**1 141 417**	**931 726**

Other information about the business area	Real Estate		Refractory		Other activities		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Investments	**5 722**	3 932	**31 293**	14 522	**898**	679	**-**	-	**37 912**	19 133
Depreciation	**8 458**	11 352	**22 365**	19 377	**256**	399	**671**	671	**31 750**	31 799
Guarantees	**-**	-	**21 148**	18 688	**-**	-	**-**	-	**21 148**	18 688

None of the company's customers individually account for more than 10 percent of the turnover. This applies to both 2023 and 2022.

Other income	2023	2022
Profit from the sale of operating assets	23	1 244
Commission and joint costs when renting out property	11 803	10 321
Interest on late payment from Vienna Arbitration case	19 694	-
other incomes	3 702	1 387
Total other income	**35 222**	**12 953**

Note 4 Salaries, personnel expenses and shares owned by the board of the directors

Salaries and personnel expenses NOK 1 000	2023	2022
Salaries	259 046	219 807
Social security costs	54 845	49 333
Pension costs	16 638	18 578
Other personnel costs	16 578	4 808
Total expenses	**347 108**	**292 525**
Average number of employees	373	355

Management remuneration

The guidelines for management remuneration are available on Borgestad ASA’s website. The remuneration to the Group Executive Operational Management Team and Board of Directors is disclosed below.

Remuneration paid to board member and executive management in 2023	Board remuneration	Audit Committee	Salary	Other remuneration	Pension	Bonus	Total
Pål Feen Larsen, CEO			2 800	184	125	-	3 109
Frode Martinussen, CEO segment Refractory from 1st of August 2023	-		875	7	20	-	901
Glen Ole Rødland, Chairman of the board from June 2023	200		-	-	-	-	200
Jacob Møller Chairman of the board until June 2023, board member from June 2023*	564	15	-	-	-	-	579
Jan Erik Sivertsen, board member	275	15	-	-	-	-	290
Helene Steen, board member	275	15	-	-	-	-	290
Wenche Kjølsås, board member from June 2023	100	50	-	-	-	-	150
Gudmund Bratrud, deputy member until June 2023	175	-	-	-	-	-	175
Anne Sofie Tønseth Markman, board member until June 2023	175	15	-	-	-	-	190
Odd Rune Austgulen, board member until June 2023	175	-	-	-	-	-	175
Total	**1 939**	**110**	**3 675**	**191**	**145**	**-**	**6 059**

* Jacob Møller has received fees as chairman of Borgestad ASA and chairman of Höganäs Borgestad Holding AB.

During the financial year 2023, no loans or guarantees have been given to senior employees or board members in the Group.

Remuneration paid to board memeber and executive management in 2022	Board remuneration	Audit Comittee	Salary	Other remuneration	Pension	Bonus	Total
Pål Feen Larsen, CEO	-		2 631	191	115	600	3 537
Niclas Sjöberg, CEO segment Refractory until Oktober 2022	-		2 205	1	639	212	3 056
Jacob Møller, board member*	443	15	-	-	-	-	458
Gudmund Bratrud, board member until June 2022. Deputy member from June 2022	165	8	-	-	-	-	173
Anita Ballestad, deputy member until June 2022	165	8	-	-	-	-	173
Anne Sofie Tønseth Markman	165	15	-	-	-	-	180
Odd Rune Austgulen, board member from June 2022	-		-	-	-	-	-
Jan Erik Sivertsen, board member from June 2022	-		-	-	-	-	-
Helene Steen, board member from June 2022	-		-	-	-	-	-
Total	**938**	**45**	**4 836**	**192**	**754**	**812**	**7 576**

* Jacob Møller has received fees as chairman of Borgestad ASA and chairman of Höganäs Borgestad Holding AB.

During the financial year 2022, no loans or guarantees have been given to senior employees or board members in the Group.

Shares owned or controlled by the company's management, the board and their relatives:	Number of shares	Percent
Jan Erik Sivertsen[1)] board member	380 513 105	27,13 %
Helene Steen [2)] board member	209 408 501	14,93 %
Glen Ole Rødland [3)] Chairman of the board	60 000 000	4,28 %
Jacob Møller [4)] board member	48 719 692	3,47 %
Pål Feen Larsen, CEO	5 529 605	0,39 %
Wenche Kjølås [5)] board member	4 000 000	0,29 %
Total	**708 170 903**	**50,49 %**

[1)] Applies to the company Kontrari AS, where Jan Erik Sivertsen is general manager

[2)] Applies to the company SES AS, where Helene Steen is principal/CFO

[3)] Applies to the company Gross Management AS, where Glen Ole Rødland and close relatives controls 100 % of the shares

[4)] Applies to the companies Ploot Invest AS and Dione AS, both controlled by Jacob Møller

[5)] Applies to the company Jawendel AS, where Wenche Kjølås and close relatives controls 100 % of the shares

Note 5 Pension expenses and pension liabilities

All employees in the Norwegian companies are included to a collective occupational pension scheme. The company's pension schemes meet the requirements of the occupational pensions act in Norway and similar legislation in Sweden, Finland and Poland. There are eight remaining employees who are part of a closed benefit-based scheme. All other employees in the Swedish and Norwegian companies in the Group have defined contribution schemes. The contribution plan covers full- and part-time employees and amounts to between 2 and 8 per cent of the salary.

All Norwegian companies in the Group with employees are members of the joint Scheme for AFP. The AFP obligation is not recognized because the scheme is a multi-enterprise scheme where sufficient and reliable information is not available to be able to measure the Group's proportional share of pension cost, pension obligation and pension assets in the scheme. Certain companies in the Group have an unsecured early retirement scheme for their employees where the employee is entitled to benefits in addition to the ordinary retirement pension and AFP in the event of voluntary resignation before the age of 67. The benefits from these companies will increase the later retirement pension/AFP is withdrawn.

The scheme was formalized in 2010 in connection with the new public pension reform from 2011, and was closed to new employees from and including 2012.

The Group's pension obligations mainly apply to closed pre-pension scheme and closed operating pension scheme in Borgestad ASA.

In 2023, the Group has paid a total of TNOK 15,734 in pension premiums and TNOK 582 in current pension over operations. For 2024, it is estimated that the Group will pay TNOK 16,678 in pension premiums and TNOK 758 in ongoing pensions over operations.

Number of people in the agreement at the end of the year:	Secured	Unsecured:
Number of active	5	1
Number of retired	1	2

The average age of the active employees included in the collective benefit-based scheme is relatively high, as the scheme was closed five years ago. The high average age means that changed assumptions in connection to the discount rate, wage growth and pension adjustment become relatively insignificant for the gross pension obligation. Sensitivity analyzes have therefore not been prepared.

Total pension expense recognised in profit and loss	2023	2022
Pension expense recognised from defined benefit plans	371	321
Contributions to defined contribution plans	16 267	18 256
Total pension expense recognised in profit and loss	**16 638**	**18 577**
a) Secured:		
Plan assets	-5 390	-5 301
Defined benefit obligation	5 136	4 889
Net defined benefit asset(-) / liability	**-254**	-412
b) Unsecured:		
Pension liabilities	6 369	5 987
Prepaid pension	**-254**	**-412**
Pension liabilities including social security tax	**6 369**	**5 987**
Actuarial gains and losses on defined benefit pension plans		
Encountered actuarial gains and losses on pension liabilities secured schemes (negative sign is losses)	-431	187
Encountered actuarial gains and losses on pension liabilities unsecured schemes (negative sign is losses)	-1 388	-165
Total actuarial gains and losses on defined benefit pension plansrecognised over OCI	**-1 819**	**22**

Note 6 Financial income and financial expenses

Foreign currency gain/(-) loss	2023	2022
Currency gains	50 051	192
Currency loss	-39 517	-7 031
Net currency	**10 534**	**-6 839**

Interest expenses	2023	2022
Interest expense on external borrowings	-47 046	-44 731
Interest expense on leases	-4 864	-2 699
Totalt interest expenses	**-51 910**	**-47 429**

Other financial income/(-) expenses	2023	2022
Interest income on cash	1 763	1 253
Other financial income	4 828	1 007
Write down on finacial asset	-1 306	-
Other financial expenses	-2 621	-1 464
Net other financial income/(-) expenses	**2 664**	**796**

Net financial items	2023	2022
Total	**-38 712**	**-53 472**

Note 7 Tax

Income tax expense:	2023	2022
Current income tax expense	12 147	3 271
Changes in deferred tax	14 162	-1 482
Tax expense	**26 309**	**1 789**
Reconciliation of tax expense to Norwegian nominal statutory tax rate		
Income (loss) before tax	-37 283	-124 320
Expected income taxes at statutory tax rate	-6 528	-35 117
Non deductible expenses	6 648	10 894
Changes in unrecognised deferred tax asset	26 189	26 012
Tax expense	**26 309**	**1 789**
Tax effects of temporary differences and tax loss carryforwards giving rise to deferred tax assets and liabilities		
Current asset	-98 014	-62 856
Property, plant and equipment	-3 049	198
Revaluation account currency	35 829	15 527
Pensions	-1 442	-1 050
Other non-current liabilities	432	-179
Long term debt	1 130	2 782
Profit and loss account	4 305	5 378
Accrual Fund Sweden	4 420	1 112
Tax loss carryforwards	-55 822	-57 307
Of which not recognized as tax asset	106 464	80 275
Net deferred tax assets (liabilities)	**-5 746**	**-16 120**
Deferred tax assets	13 734	17 623
Deferred tax liabilities	-7 988	-1 503

Deferred tax asset

Deferred tax assets are calculated based on temporary differences which are assumed to be reversed in the foreseeable future. When entering the deferred tax asset in the balance sheet, the Group has assessed whether it is likely that the Group can make use of the calculated deferred tax asset through future earnings. When it has not been proven that the calculated tax asset can be utilized against future earnings, a limitation has been made in the balance sheet entry of the deferred tax asset.

The limitation in deferred tax assets relates to Norway, and is a result of carry-forward losses that cannot be expected to be used against future tax-related operating income/profits in the foreseeable future.

Deferred tax assets in Sweden are restricted from utilization until the tax year 2024 due to a Group freeze following the reorganization in 2018 and 2019. It is estimated that the carry forward loss will be used in the years 2024 and 2025 due to expected increased profitability in the Swedish companies.

Tax loss carried forward	2023	2022
Norway	45 766	41 009
Sweden	10 057	10 918
Poland	-	5 380
Total tax loss carried forward	**55 822**	**57 307**

Deficits carried forward in Norway and Sweden can be used for the foreseeable future, as the utilization of these deficits is not time-limited. Deficit carry-forwards in Poland have a limitation on utilization of five years.

The basis for deferred tax benefits that are not recognized in the balance sheet amounts to MNOK 484 (365) as of 31 December 2023.

Note 8 Earnings per share

Earnings per share is calculated by dividing the majority's earnings related to ordinary shareholders in the parent company by a weighted average number of outstanding shares in the financial year.

Diluted earnings per share are calculated by dividing the majority's earnings related to ordinary shareholders in the parent company by the average number of outstanding shares in the financial year plus a weighted average of the shares, conversion rights or options that can potentially be converted into ordinary shares. As of 31 December 2023 and 2022, there was no difference between earnings per share and diluted earnings per share in Borgestad.

Basis of calculation	2023	2022
Weighted average number of ordinary shares	339 983	112 144
Weighted average number of shares	**339 983**	**112 144**
Result per share		
Total profit attributable to equity holders of the parent	-78 281	-124 805
Basic and diluted earnings per share	**-0,23**	**-1,11**

Note 9 Investment property

	2023	2022
Carrying amout shopping Center, Poland	701 407	745 008

Specification	2023	2022
Rental income	69 146	62 197
Direct operating expenses generating rental income	32 051	26 413
Depreciation	8 458	11 352
Write downs	94 298	91 343
Depreciation method	Linear	Linear
Economic life	100 years	100 years

Impairment of Investment Property

During the financial year, Management identified indicators of impairment for Agora Bytom. The indicators of impairment were primarily due to the economic environment, characterized by increased inflation and interest rates. Macroeconomic factors have led to a decrease in consumer purchasing power, which has adversely affected the revenues of the tenants in the shopping mall. Concurrently, the increase in interest rates has negatively impacted the valuation of the property, as the cost of capital used in property valuation models has increased.

In response to these indicators, Management performed an additional impairment test after the presented fourth quarter. This impairment test resulted in an additional impairment of NOK 30.8 million compared to the fourth quarter of 2023. Please see Note 2 for further information.

The recoverable amount of Agora Bytom has been determined based on the highest value of its fair value less cost of disposal and its value in use, and the recoverable amount used in the Group’s annual report is based on value in use. The fair value was determined with assistance of an external assessor. The value in use was calculated using discounted cash flow projections from financial forecasts approved by Management covering a ten-year period. The accounting standard suggests using a five-year cash flow projection period for these tests. However, Management considers using a longer projection period reflects the business cycle more accurately, providing a more realistic estimate of the asset's value. The assessment is supported by the Company’s history of a good track record of extending or re-leasing the area to other tenants. Furthermore, Management believes that utilizing longer periods aligns with market practice. Management acknowledge that a longer projection period introduces more uncertainty into the cash flow estimates, however we believe that the reliability of our data and robust forecasting methods supports a ten-year cash flow projection.

The value in use estimate are based on significant unobservable inputs. These inputs include:

Discount Rate

The present value of future cash flows was calculated using a pre-tax discount rate of 8.8% and a post-tax discount rate of 7.5%. These rates reflect current market assessments of the time value of money and the risks specific to Agora Bytom. The discount rate is calculated by an applicable market WACC.

Rent per sqm

Estimated rent is EUR 15.5 per sqm per month in 2024 and is forecasted to increase at a steady growth rate of 2%. Estimated rent at EUR 15.5 per sqm is estimated based on signed leases at EUR 16.2 per sqm with deduction of discounts to tenants.

Vacancy

Estimated vacancy rates are based on current and expected future market conditions in line with the average market vacancy in the Polish region Agora Bytom operates in. Estimated vacancy included in terminal period are at 4 percent level.

Capitalization expenses

Capitalization rates are based on actual location in Poland, size and quality of the properties and taking into account market data at the valuation date. Management anticipates a rise in capital expenditure towards the conclusion of the projected timeline, attributable to climate risk considerations, to ensure adherence to regulatory standards.

Terminal value

Cash flows beyond this ten year period were extrapolated using a steady growth rate of 2%, which is consistent with the long-term average growth rate for the industry.

Impairment Loss

As a result of this analysis, the carrying amount of Agora Bytom was found to exceed its recoverable amount, indicating an impairment. An impairment loss of NOK 94.3 million has therefore been recognized in the income statement under “Impairment of non-current assets”. Angora Bytom operates in the Real estate segment.

Sensitivities:

The below tables are showing the calculated value in use, valuated in euro, for the investment property given changes in the different assumptions.

		Terminal growth						
WACC		**0,5%**	**1,0%**	**1,5%**	**2,0%**	**2,5%**	**3,0%**	**3,5%**
6,0%	-1,5%	68 846	73 246	78 614	85 308	93 888	105 282	121 146
6,5%	-1,0%	63 078	66 607	70 835	75 992	82 424	90 667	101 615
7,0%	-0,5%	58 195	61 068	64 460	68 523	73 479	79 659	87 581
7,5%	0,0%	54 008	56 378	59 140	**62 400**	66 305	71 069	77 009
8,0%	0,5%	50 380	52 356	54 635	57 290	60 423	64 178	68 757
8,5%	1,0%	47 205	48 869	50 770	52 961	55 514	58 527	62 136
9,0%	1,5%	44 404	45 818	47 418	49 246	51 353	53 808	56 705

		Vacancy in terminal						
WACC		**7,0%**	**6,0%**	**5,0%**	**4,0%**	**3,0%**	**2,0%**	**1,0%**
6,0%	-1,5%	82 610	83 510	84 409	85 308	86 207	87 106	88 005
6,5%	-1,0%	73 686	74 455	75 224	75 992	76 761	77 530	78 299
7,0%	-0,5%	66 526	67 191	67 857	68 523	69 189	69 854	70 520
7,5%	0,0%	60 653	61 235	61 818	**62 400**	62 982	63 564	64 147
8,0%	0,5%	55 749	56 263	56 776	57 290	57 803	58 317	58 830
8,5%	1,0%	51 593	52 049	52 505	52 961	53 417	53 873	54 329
9,0%	1,5%	48 024	48 431	48 839	49 246	49 653	50 061	50 468

Capex in terminal								
WACC		**903 000**	**853 000**	**803 000**	**753 000**	**703 000**	**653 000**	**603 000**
6,0%	-1,5%	83 059	83 809	84 558	85 308	86 057	86 807	87 557
6,5%	-1,0%	74 069	74 710	75 351	75 992	76 634	77 275	77 916
7,0%	-0,5%	66 858	67 413	67 968	68 523	69 078	69 633	70 188
7,5%	0,0%	60 944	61 429	61 915	**62 400**	62 885	63 371	63 856
8,0%	0,5%	56 006	56 434	56 862	57 290	57 718	58 146	58 574
8,5%	1,0%	51 820	52 200	52 580	52 961	53 341	53 721	54 101
9,0%	1,5%	48 227	48 567	48 906	49 246	49 586	49 925	50 265

Rent / sqm								
WACC	**EUR / Sqm->**	**15,0**	**15,2**	**15,3**	**15,5**	**15,7**	**15,8**	**16,0**
6,0%	-1,5%	82 623	83 518	84 413	85 308	86 203	87 098	87 993
6,5%	-1,0%	73 601	74 398	75 195	75 992	76 790	77 587	78 384
7,0%	-0,5%	66 366	67 085	67 804	68 523	69 242	69 961	70 680
7,5%	0,0%	60 436	61 090	61 745	**62 400**	63 055	63 710	64 364
8,0%	0,5%	55 486	56 087	56 689	57 290	57 891	58 492	59 094
8,5%	1,0%	51 293	51 849	52 405	52 961	53 516	54 072	54 628
9,0%	1,5%	47 695	48 212	48 729	49 246	49 763	50 280	50 797

Depreciation and write-downs

The Group's operating assets are depreciated and assessed in terms of write-down according to the principles described in the introduction. Depreciation is calculated using the straight-line method over the following useful life.

Estimate uncertainty related to depreciation

When calculating depreciation for the operating assets, the economic lifetime and the residual value at the end of their useful life are based on estimates.

Lease contracts

The Group enters into contracts for the rental of real estate (investment property). For non-cancelable leases, the minimum rental income for consolidated investment properties is due as follows:

Lease contracts at 31.12 have the following maturity structure measured in annual rent	2023	2022
1 year	55 897	45 871
1 < 5 years	124 921	98 362
>5 år	22 651	9 000
Total	**203 469**	**153 233**

When converting from EUR to NOK for future rental income for Agora Bytom Sp. z o.o. an exchange rate of NOK/EUR of 11.4242 for the 2023 figures and NOK/EUR of 10.1021 for 2022 figures has been used.

Note 10 Assets 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.

Höganäs Bjuf Fastighets AB, an indirect subsidiary of Borgestad ASA, entered on 27. 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.

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 transaction was approved by the Municipal Council of Bjuv on 11. December 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. The Group estimate that the transaction is completed during 2024.

In connection with the sale the Group has outstanding mortgage loan to Nordea that will be repaid in connection with completion of the transaction. The total loan amount that needs to be repaid at completion is NOK 52.4 million. The loan amount is classified as interest bearing debt, current liabilities.

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

Note 11 Property, plant and equipment, Intangible assets and Investment property

2023	Investment property	Land and buildings	Assets under construction	Machinery and vehicles	Lisens, trademark	Total
Cost at 1 January	1 100 294	79 034	25 807	244 866	1 721	1 451 722
Additions	5 647	75	9 741	5 206	17 245	37 912
Disposals, and assets classified as held for sale	-	-64 869	-18 384	-1 658	-	-84 912
Reclassification	-	-	-14 395	2 087	12 308	-
Effects of changes in foreign exchange rates	70 782	4 430	1 848	16 683	122	93 865
Cost at 31 December	**1 176 723**	**18 670**	**4 616**	**267 184**	**31 395**	**1 498 588**
						-
Accumulated depreciation and impairment at 1 January	355 286	51 907	-	210 419	548	618 160
Disposals, and assets classified as held for sale	-	-51 704	-	-1 196	-	-52 900
Depreciation	8 458	924	-	6 838	2 273	18 493
Impairments	94 298	-	-	-	-	94 298
Effects of changes in foreign exchange rates	17 274	4 269	-	14 057	75	35 675
Accumulated depreciation and impairment at 31 December	**475 316**	**5 396**	**-**	**230 118**	**2 897**	**713 727**
Carrying amount at 31 December	**701 407**	**13 274**	**4 616**	**37 066**	**28 499**	**784 861**

2022	Investment property	Land and buildings	Assets under construction	Machinery and vehicles	Lisens, trademark	Total
Cost at 1 January	1 042 411	85 509	17 070	285 640	1 218	**1 431 849**
Additions	3 932	2 788	9 248	3 165	-	**19 133**
Disposals	-837	-7 399	-	-35 852	-	**-44 087**
Effects of changes in foreign exchange rates	54 788	-1 864	-511	-8 088	502	**44 828**
Cost at 31 December	**1 100 294**	**79 034**	**25 807**	**244 866**	**1 721**	**1 451 722**
Accumulated depreciation and impairment at 1 January	236 764	52 348	-	245 262	-	**534 374**
Disposals	-330	-	-	-35 762	-	**-36 092**
Depreciation charge for the year	11 352	1 034	-	7 835	301	**20 523**
Impairments	91 343	-	-	-	-	**91 343**
Effects of changes in foreign exchange rates	16 158	-1 475	-	-6 917	247	**8 013**
Accumulated depreciation and impairment at 31 December	**355 286**	**51 907**	**-**	**210 419**	**548**	**618 160**
Carrying amount at 31 December	**745 008**	**27 128**	**25 807**	**34 448**	**1 172**	**833 562**

Fixed asset	Economic life	Depreciation method
Investment property	100 year	linear
Buildings	20 – 50 year	linear
Machinery and vehicles	3 – 20 year	linear
Land	not depreciated	not depreciated

Note 12 Leases

Right-of-use-assets 2023	Vehicles	Machinery and equipment	Buildings/Property	Total
Cost at 1 January	14 215	9 546	36 278	**60 039**
Additions	6 920	130	2 360	**9 410**
Disposals	-4 797	-2 249	-315	**-7 362**
Effects of changes in foreign exchange rates and other changes	3 170	22	2 531	**5 724**
Cost at 31 December	**19 508**	**7 449**	**40 854**	**67 811**
Accumulated depreciation at 1 January	8 223	4 283	11 273	**23 779**
Disposals	-4 797	-2 249	-315	**-7 362**
Depreciation	5 601	1 709	5 949	**13 257**
Effects of changes in foreign exchange rates and other changes	1 273	345	2 617	**4 235**
Accumulated depreciation and impairment at 31 December	**10 299**	**4 087**	**19 524**	**33 909**
Carrying amount at 31 December	**9 209**	**3 362**	**21 330**	**33 902**

Vehicles usually have a lease period of 3-5 years, machinery 3-10 years and buildings 10 years.

Lease liability Undiscounted liabilities	2023	2022
Less then one year	16 209	11 216
One to two years	12 784	9 514
Two to three years	7 901	8 253
Three to four years	5 720	5 820
Four to five years	4 072	4 664
More than five years	3 014	5 213
Total undiscounted liabilities at 31 December	**49 699**	**44 681**

Summary of the lease liabilities	2023	2022
Carrying amount at 1st January	37 877	32 373
Additions and remeasurements	9 410	18 744
Lease payments	-18 492	-14 104
Interest expense	4 864	2 699
Effects of changes in foreign exchange rates and other changes	6 435	-1 834
Carrying amount at 31 December	**40 094**	**37 877**

Interest rates used in Norway are between 6.07 and 11.75 per cent, in Sweden between 11 and 12.50 per cent and in Finland between 11 and 11.75 per cent. For the calculation of interest, mortgage debt in the various countries has been adjusted with a risk supplement for the duration of the lease.

Summary of other lease expenses recognised in profit or loss	2023	2022
Operating expenses in the period related to short-term leases (including short-term low value assets)	616	243
Operating expenses in the period related to low value assets (excluding short-term leases included above)	120	-
Total lease expenses included in other operating expenses	**736**	**243**

Note 13 Goodwill

Goodwill	2023	2022
Cost at 1 January	87 165	87 923
Effects of changes in foreign exchange rates	2 943	-758
Carrying amount at 31 December	**90 108**	**87 165**

Impairment assessments of goodwill

Goodwill is not depreciated. In accordance with IFRS, the Group assesses annually whether there is a need for write-down related to the balance sheet value of goodwill. The tests are carried out at the end of the year, but are carried out more often if there are indications of a need for write-down.

Goodwill arising from the acquisition of Norwegian companies/enterprises in 2006, 2007 and 2008 has a book value of TNOK 46,071 as of 31 December 2023. In 2011, the Group acquired two Swedish companies and in connection with this goodwill arose which is assessed at TNOK 34,772 per 31 December 2023. In 2015 and 2018, the Group acquired two Finnish companies and in connection with these acquisitions goodwill arose which is assessed at TNOK 6,322 per 31 December 2023.

Allocated as follows:	Company					
	Höganäs Borgestad AS	Höganäs Borgestad AB	Macon AB	Höganäs Borgestad Oy	Höganäs Borgestad Energi & Ugnsteknik AB	Total
Net carrying value	46 071	14 419	21 031	6 759	1 828	**90 108**

Höganäs Borgestad AS, Macon AB, Höganäs Borgestad AB, Höganäs Borgestad Energi & Ungsteknik AB and Höganäs Borgestad Oy are all included in the Refractory segment.

Goodwill allocated to Höganäs Borgestad AB, Macon AB, Höganäs Borgestad Energi & Ungsteknik AB and Höganäs Borgestad Oy is exposed to currency fluctuations.

Recoverable amount is the cash flow-generating unit's value in use. When assessing whether there is a need to write down goodwill, the recoverable amount is assessed against net assets, including goodwill on the balance sheet date. If the recoverable amount exceeds net assets, there is no need for impairment.

Recoverable amount is based on value in use and calculated per cash flow generating unit/company. Assumptions used when calculating value in use are cash flow forecasts which are again based on budgets and business plans for each cash flow generating unit for a five-year period (defined period). Growth in the period is assessed per cash flow generating unit. For turnover growth, the increase is in the interval between 2 per cent and 3.5 per cent. For Höganäs Borgestad AS the increase in turnover is up to 2 percent in the period before the terminal period, growth in terminal period is 0 percent. There are estimated improvements in EBIT margins in the five-year period, but the estimated EBIT margin is within the range that has historically been achieved for each cash flow-generating unit, with the exception of Höganäs Borgestad AB, which has an improvement in EBIT margin in line with the business plan after the closure of the stone factory. Growth of 0 (0) percent is assumed for the terminal period for all companies.

Prerequisites for investments in the five-year period and the terminal period are approximately the same or similar to today's depreciation for all cash flow-generating units. For all cash flow-generating units, with the exception of Macon AB, positive one-off effects have been estimated from the release of working capital.

The cash flows are calculated based on the expected cash flow and the discount rate is based on a required return before tax of 11.7 (12.4) per cent. The discount rate takes into account debt premium, market risk premium, debt ratio, tax rate and asset beta.

There is estimation uncertainty linked to the calculations and assessment of goodwill, through the assumptions used. In the event of changed assumptions, the outcome of the calculations may lead to a different result. The cash flow-generating unit that has the lowest margin between calculated recoverable amount and net assets has a margin of approx. 9 (17) percent.

Based on calculations carried out and the assumptions made, no impairment of goodwill has been made as of 31 December 2023 or in previous years. This is because the result of the calculations shows that the recoverable amount of all cash flow generating units (the companies) exceeds the balance sheet value of assets/liabilities and thus there is a margin on the balance sheet value of goodwill. It is specified that there is estimation uncertainty linked to the assessment of the value of goodwill.

Note 14 Inventories

Inventory	2023	2022
Raw materials	22 333	35 153
Work in progress	1 164	1 134
Finished goods own produced products	30 271	47 203
Goods purchased for resale	64 966	63 789
Total	**118 733**	**147 280**

The specification above is net book value after deduction for impairment. The provision for impairment amounted to TNOK 8,642 (7,366) as at 31. December 2023.

Write down	2023	2022
Balance at 1 January	-7 366	-7 195
Write-downs reversed, other	-36	36
New write-downs recognized during the year	-1 239	-
Foreign currency translation gain/(loss)	-	-207
Balance at 31 December	**-8 642**	**-7 366**

Note 15 Cash and cash equivalents

Cash	2023	2022
Unrestricted cash	139 273	77 867
Restricted cash	13 415	13 193
Total cash	**152 688**	**91 059**
Overdraft facility	46 812	7 634
Restricted deposits	-13 415	-13 193
Total available liquity	**186 086**	**85 501**

Restricted funds consist of tax deductions of TNOK 2,174 (2,679) and TNOK 11,241 (10,514) which are restricted funds in Agora Bytom. Tied up funds in Agora Bytom are a liquidity reserve of MEUR 1 in accordance with the company's loan agreement. Restricted funds in Agora Bytom are for security related to the outstanding debt towards Bank Pekao.

Note 16 Investments

Company	Ownership percent	Cost	Book value 31.12.23	Book value 31.12.22
ERH AS	2,98 %	27 573	-	-
QNTM Ecom SW AB	0,15 %	1 306	1	1 306
Impact Technology Systems AS	1,55 %	350	-	-
Other shares		175	175	546
Total		**29 403**	**176**	**1 852**

For information regarding the valuation hierarchy, see Note 19.

Estimate uncertainty when calculating fair value for financial assets

There is risk associated with the valuation of shares where there is no observable market value at the time the accounts are drawn up. The Group bases its estimates on a number of observations which are supported by calculations to arrive at the best possible estimate of the assets' value. These observations consist of issue amounts in the case of open subscription, various players' price offers and valuations when selling parts of the company, cost price when shares are recently purchased, external valuations as well as assessments of discounted cash flow and value-adjusted equity.

Sensitivity analysis of equity investments

In the event of a change in the market value of shares classified as fixed assets by +/- 10 per cent, this will affect the result by TNOK +/- 1.75.

Note 17 Share capital and shareholder 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**

Information related to shares

The company's share capital on 31. December 2023 is NOK 350,620,710.25 divided into 1,402,482,841 shares at NOK 0.25 per share. All shares have equal voting rights. There are no preferential rights or restrictions on the shares.

Own shares

The company has no own shares per 31. December 2023.

The 20 main shareholders at 31.12.23 are: Shareholder	Number of shares	Ownership interest:
Kontrari AS	380 513 105	27,13 %
Ses AS	209 408 501	14,93 %
Clearstream Banking S.A.	80 536 191	5,74 %
Auris AS	78 749 042	5,61 %
Intertrade Shipping AS	69 567 135	4,96 %
Gross Management AS	60 000 000	4,28 %
Jahatt AS	44 000 000	3,14 %
Dione AS	43 885 449	3,13 %
North Sea Group AS	39 023 515	2,78 %
Regent AS	32 139 449	2,29 %
Suveren AS	25 512 287	1,82 %
Brødrene Jensen AS	23 733 583	1,69 %
Christiansen Lars Aage Haaland	15 173 441	1,08 %
Bratrud Gudmund Joar	13 378 637	0,95 %
Ar Vekst AS	10 000 000	0,71 %
Torhus Andreas	9 079 000	0,65 %
Batjak AS	8 900 091	0,63 %
Gravråk Olve	8 000 000	0,57 %
Lgt Bank AG	7 939 560	0,57 %
Cjl Holding AS	7 416 742	0,53 %
Total	**1 166 955 728**	**83,19 %**
Other shareholders	235 527 113	16,79 %
Total	**1 402 482 841**	**100,00 %**

Note 18 Borrowings

Secured	Interest term	Maturity date	Effective interest rate 31.12.23	2023	2022
Bond loan amortised Borgestad ASA				-	96 581
Bank loan (currency EUR) Agora Bytom Sp. z o.o.	EURIBOR 1M + margin 2,80%	2028	5,52 %	332 362	439 796
Bank loan (currency SEK) Höganäs Borgestad AB	STIBOR 3M + 3,75 %	2025	7,79 %	52 423	57 427
Bank loan (currency EUR) Höganäs Borgestad OY		2023		-	568
Bank loan (currency NOK) Höganäs Borgestad AS	NIBOR 3M + 3,75%	2029	8,50 %	11 000	13 000
Total secured long-term debt				**395 785**	**607 372**
1st year’s principal repayments on long-term debt				-60 043	-30 533
Total long-term debt excluding the 1st year’s principal repayments				**335 742**	**576 839**

Maturity overview:	2024	2025	2026	2027	2028	2029-
Bank loan	60 043	7 621	13 677	18 408	295 036	1 000

Overdraft facility	Interest term	Maturity date	Effective interest rate 31.12.23	2023	2022
Overdraft facility Nordea	3 mnd Stibor + 3,75%	2023	7,79 %	24 098	58 537

Granted check credit with Nordea is MSEK 70 as of 31 December 2023. The check credit is available and granted for Höganäs Borgestad Group.

Mortgage loan and bond loan

Mortgage loans are secured by mortgages on buildings, operating assets, stocks and accounts receivable.

The loan agreements regarding mortgage loans in the refractory segment, Höganäs Borgestad Group, have the following covenants: minimum 30 percent equity at the end of each quarter, EBITDA minimum MSEK 35 on a 12-month rolling basis per quarter and net interest-bearing debt, excluding leasing debt, does not exceed 2.5 times EBITDA as of 31. December. Höganäs Borgestad meet all covenant requirements agreed with Nordea per 31. December 2023.

The loan agreement regarding the mortgage loan in Agora Bytom has a covenant that Net Operating Income (NOI) is at minimum of 115 percent of interest costs plus annual loan amortization (DSCR ratio) and "Loan to Value" (LTV) must at all times be equal to or lower than 60 percent of fair value of the shopping center.

The Group fulfills all covenant requirements as of 31 December 2023.

Reference is also made to Note 19 regarding discussion of liquidity risk for the Group.

Pledged as security	2023	2022
Buildings, investment property and factory facilities	725 112	767 953
Fixtures, machinery and vehicles	72 818	57 350
Current assets and fixed assets	307 094	307 462
Total	**1 105 024**	**1 132 765**

As security for the long-term mortgages, registered liens amounting to MNOK 1,225 (1,225) have been registered in buildings and investment properties, in addition, security has been provided for a total of MNOK 145.5 (145.5) divided between receivables, inventory and operating accessories. For other businesses in the Group, there are registered liens amounting to MNOK 15.0 (15.0) in receivables, MNOK 12.0 (12.0) in inventory and MNOK 2.0 (2.0) in operating accessories.

For the loan granted by Bank Pekao in Poland to Agora Bytom Sp. z o.o., security is provided in the shopping center. Borgestad ASA has also provided an additional guarantee of MEUR 5.0.

Note 19 Financial risk and management objectives and policies

Financial risk

The Group uses financial instruments such as bank loans and bond loans to obtain capital for investments in the company's operations. In addition, the Group has financial instruments such as accounts receivable, accounts payable, etc. which are directly linked to the company's daily operations.

Routines for risk management have been adopted by the board and are carried out by a central finance department in collaboration with the individual operating units. The most important financial risks the Group is exposed to are related to interest rate risk, liquidity risk, currency risk and credit risk. The Group's management has an ongoing assessment of these risks and sets guidelines for how these are to be handled. In accordance with the Group's strategy for interest rate and currency exposure, the Group sometimes uses financial derivatives to reduce this risk. Accounting treatment of financial derivatives is discussed in Note 2

i) Credit risk

The Group only trades with approved creditworthy counterparties. All counterparties who receive credit from the Group, for example customers, must be approved and subject to an assessment of creditworthiness.

The Group has no significant credit risk linked to a single counterparty or several counterparties that can be seen as a Group due to similarities in credit risk.

In accordance with the expected credit loss model introduced by IFRS 9, Borgestad records expected credit loss over the lifetime of all receivables (the simplified approach). The calculation of expected credit loss is based on both historical and forward-looking information and is carried out at company level. When estimating expected credit losses for trade receivables that are not yet due and trade receivables that are due, available information is assessed, including loss history and future expectations, where this forms the basis for an estimate for provisions for losses on an individual and a general basis.

Maximum risk exposure is represented by the book value of the financial assets, including derivatives, in the balance sheet. As the counterparty in derivatives trading and deposits in banks are normally banks, the credit risk associated with these items is considered to be very low. Furthermore, the counterparty for pension funds is a Norwegian insurance company and the risk associated with this is considered minimal. The Group considers its maximum risk exposure to be the balance sheet value of long-term receivables, trade receivables, market-based bonds and bond funds and other short-term receivables, cf. v) for an overview of the amounts within these classes.

Information on accounts receivable, age distribution and losses on claims:	2023	2022
Trade receivables	184 567	202 585
Aging profile of trade receivables	**2023**	**2022**
Not due	133 993	168 023
<30 days	38 452	19 725
30-60 days	5 757	4 725
61-90 days	1 570	5 461
>90 days	17 179	16 139
Total	**196 952**	**214 073**
Expected credit loss	-12 385	-11 489
Total	**184 567**	**202 585**
Change in provison for losses:		
January 01.01	11 489	16 067
Change in provision during the year	-1 069	3 157
Reversed previous provision	2 392	-8 290
Translation difference and other changes	-427	555
Provision 31th December	**12 385**	**11 489**
This year losses	19	243
Provision for losses, in both the opening and closing balance sheet, as well as changes in ascertained losses on claims are mainly linked to Agora Bytom.		

ii) Interest rate risk

The Group is exposed to interest rate risk through placement and financing activities. As of 31 December 2023, the Group had a floating interest rate for most of its deposits, receivables and loans.

For the mortgage loan in Agora Bytom, 100 percent of the loan of MEUR 29,9 is secured at 0.30 percent +2.80 percent margin which expires in June 2024. Fixed interest loans are accounted for at amortized cost.

Year:	Change in the interest rate level in percentage points	Effect on profit before tax (NOK 1 000)	Effect on equity (NOK 1 000)
2023	+/-1 % poeng	-/+ 251	-/+ 1 662
2022	+/-1 % poeng	-/+ 3 131	-/+ 5 278

All fixed interest contracts entered into are accounted for as cash flow hedges. In the tables below these contracts are specified.

2023 Interest derivatives	Secured amount	Maturity remaining	Fair value	Change in value throughout the year
Agora Bytom Sp. z o.o. **	332 362	0,5 år	5 945	-7 957

2022 Interest derivatives	Secured amount	Maturity remaining	Fair value	Change in value throughout the year
Agora Bytom Sp. z o.o.**	351 837	1,5 år	13 902	18 730

** 100 (80) percent of the loan linked to Agora is secured with an interest rate of 0.30 percent + 2.80 (2.80) percent margin.

The term of the interest rate swap agreement is until June 2024.

The derivatives above are contracts where floating interest has been exchanged for fixed interest. The interest derivatives above are accounted for as hedging instruments with a change in fair value over other income and expenses (OCI).

The interest derivative in Agora Bytom Sp. z o.o. is entered into in EUR and the secured amount amounts to MEUR 29.9 (33.4), which corresponds to 100 (80) percent of the company's mortgage loan.

Interest on loans, receivables and liabilities measured at amortized cost	2023	2022
Bond loan	9 612	22 878
Bank loan	42 298	24 552
Total sum	**51 910**	**47 429**

iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to service its financial obligations as they fall due.

Group board and management consider that the group has a reasonable debt structure and a sufficient liquidity situation. The group's strategy for managing liquidity risk is to have sufficient cash at all times to be able to meet its financial obligations when due, both under normal and extraordinary circumstances.

Unused credit facilities are presented in Note 15

The following table shows an overview of the maturity structure for the group's financial obligations, based on undiscounted contractual payments. In cases where the counterparty can demand earlier redemption, the amount is given in the earliest period in which payment can be required from the counterparty. If the obligation can be redeemed on request, these are included in the first column for which the obligation can be redeemed.

2023	Remaining period			
	0-3 mth.	3-12 mth.	1-3 year	3 years or more
Bank overdraft	-	24 098	-	-
Interest-bearing debt	15 011	45 032	39 706	296 036
Other non-current liabilities	-	-	-	-
Interest expenses	5 843	17 529	54 656	16 510
Trade payables	64 017	-	-	-
Other short-term liabilities	74 148	38 038	-	-
Total	**159 019**	**124 698**	**94 361**	**312 546**

See Note 12 for maturity analysis on leasing.

2022	Remaining period			
	0-3 mth.	3-12 mth.	1-3 year	3 years or more
Bank overdraft	-	58 537	-	-
Interest-bearing debt	7 633	22 900	475 258	5 000
Other non-current liabilities	-	631	-	-
Bond loan	-	-	97 664	-
Interest expenses	7 376	21 660	16 380	420
Trade payables	83 631	-	-	-
Other short-term liabilities	53 496	109 653	-	-
Total	**152 136**	**213 380**	**589 302**	**5 420**

Note 18 contains more information about long term loan.

iv) Currency risk

The Group companies are exposed to currency risk due to production, buying and selling in several different countries and in different currencies. The most important currencies are NOK, SEK, PLN, EUR and USD.

The Group enters into forward contracts and currency exchange agreements from time to time to reduce the currency risk in cash flows denominated in foreign currency. The company has not had currency exchange agreements in 2023 or 2022.

The Group's available liquid assets are held in NOK, EUR, PLN, SEK and USD.

The tables below show the sensitivity of the consolidated balance sheet to potential changes in the krone exchange rate for each EUR, PLN, SEK and USD with all other ratios held constant.

Year:	Change in EUR exchange rate	Effect on profit before tax	Effect on equity
2023	+/- 10 %	+/- 3 600	+/- 46 044
2022	+/- 10 %	+/- 3 145	+/- 31 412

Year:	Change in PLN exchange rate	Effect on profit before tax	Effect on equity
2023	+/- 10 %	+/- 1 997	+/- 867
2022	+/- 10 %	+/- 1 325	+/- 431

Year:	Change in SEK exchange rate	Effect on profit before tax	Effect on equity
2023	+/- 10 %	+/- 3 638	+/- 11 773
2022	+/- 10 %	+/- 2 413	+/- 7 561

v) Classification of financial instruments

31.12.23	Derivatives that are hedging instruments	Shares at fair value through profit or loss	Loans and receivables at amortized cost and bank deposits	Financial liabilities measured at amortized cost
Non-current financial assets				
Other financial assets	5 945	-	734	-
Other shares	-	176	-	-
Total non-current financial assets				
Trade receivables	-	-	184 567	-
Other receivables	-	-	7 763	-
Cash and cash equivalents	-	-	152 688	-
Total financial assets	**5 945**	**176**	**345 752**	**-**
Interest-bearing debt long term				
Interest-bearing debt	-	-	-	335 742
Bond loan	-	-	-	-
Lease liability				27 453
Interest-bearing debt short term				
Interest-bearing debt	-	-	-	60 043
Lease liability				12 641
Bank overdraft	-	-	-	24 098
Trade payables	-	-	-	64 017
Public duties payable	-	-	-	27 560
Other short-term liabilities	-	-	-	72 479
Total financial obligations	**-**	**-**	**-**	**624 032**

31.12.22	Derivatives that are hedging instruments	Shares at fair value through profit or loss	Loans and receivables at amortized cost and bank deposits	Financial liabilities measured at amortized cost
Non-current financial assets				
Other financial assets	13 902	-	23 670	-
Other shares	-	1 852	-	-
Total non-current financial assets				
Trade receivables	-	-	202 585	-
Other receivables	-	-	14 508	-
Cash and cash equivalents	-	-	91 059	-
Total financial assets	**13 902**	**1 852**	**331 822**	**-**
Interest-bearing debt long term				
Interest-bearing debt	-	-	-	480 258
Bond loan	-	-	-	96 581
Lease liability				29 008
Other long term debt	-	-	-	631
Interest-bearing debt short term				
Interest-bearing debt	-	-	-	30 533
Lease liability				8 869
Bank overdraft	-	-	-	58 537
Trade payables	-	-	-	83 631
Public duties payable	-	-	-	23 852
Other short-term liabilities	-	-	-	137 615
Total financial obligations	**-**	**-**	**-**	**949 514**

vi) Fair value of financial instruments

If the financial asset does not have an observable market value, the Group bases its estimate on a series of observations supported by calculations to arrive at the best possible estimate of the asset's value. These observations consist of issue amounts in the case of open subscription, various players' price offers and valuation when selling parts of the company, cost price when buying shares recently, as well as own assessments of cash flow and value-adjusted equity of the Group's investments. The most important uncertainties linked to the estimates for fair value are conditions such as declining turnover and profit in the companies in which you have a stake, a change in the risk profile of the investment or a general increase in the requirement the Group sets for its discount rate. Reference is made to the separate table below which shows the method used for the valuation of the individual balance sheet item (valuation hierarchy).

The following of the company's financial instruments are not separately valued at fair value: cash and cash equivalents, trade receivables, other short-term receivables, overdrafts, trade payables and long-term debt. The carrying value of cash and cash equivalents and overdrafts is approximately equal to fair value due to the fact that these instruments have a short maturity. Correspondingly, the balance sheet value of trade receivables, short-term receivables, trade payables, public charges and other short-term liabilities is approximately equal to fair value as they are entered into under "normal" conditions.

In relation to interest-bearing debt, the Group has not entered into agreements that deviate significantly from ordinary market conditions.

Fair value hierarchy
The Group classifies fair value measurements using the fair value hierarchy. The fair value hierarchy has the following levels:

· Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

· Level 2: inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

· Level 3: input for the asset or liability that is not based on observable market data (unobservable input).

Assets recognized at fair value	31.12.23	Level 1	Level 2	Level 3
Hedging derivatives with changes in value through other comprehensive income	5 945	-	5 945	-
Equity instruments held for trading with a change in value through profit or loss	176	7	-	169
Total	**6 121**	**7**	**5 945**	**169**

During the reporting period, there was no change in fair value measurement that entailed transfers between levels 1, 2 or 3.

In accordance with IFRS 9, all changes in the value of financial assets are entered in profit or loss, unless you have chosen otherwise at first recognition.

Assets recognized at fair value	31.12.22	Level 1	Level 2	Level 3
Hedging derivatives with changes in value through other comprehensive income	13 902	-	13 902	-
Equity instruments held for trading with a change in value through profit or loss	1 852	7	-	1 845
Total	**15 754**	**7**	**13 902**	**1 845**

Specification of changes in level 3	2023	2022
Balance sheet as of 01. January	1 845	4 247
Purchase, sale, issue and settlement	-	-2 429
Gains and losses recognised in the current profit and loss statement	-1 676	-
Foreign exchange through profit or loss		27
Total	**169**	**1 845**

vii) Capital management

Borgestad ASA has mainly investments in property and long-term shares in affiliated and jointly controlled companies. As the investments are mainly long-term, the Group also strive for adapted financing in the form of equity capital and long-term debt capital. The Group seeks to adapt the development in the equity share as needed in the short and long term. Equity ratio is calculated as book equity in relation to total capital.

The equity ratio as of 31 December 2023 and 2022 was 53.7 per cent and 34.6 per cent respectively. See Note 18 for further information on interest-bearing debt.

Borgestad ASA wants to achieve the best possible price for the company's shares through efficient and profitable management of the Group's resources. A competitive return must be achieved through value appreciation and the payment of dividends. The return must be competitive compared to other investment alternatives with the same risk. The dividend must be in relation to the company's results, equity needs and future prospects.

Note 20 Research and development, Other current assets and liabilities and auditor remuneration

Research and development	2023	2022
Expenses, incl. salaries	6 560	6 421

The criteria for recognition of intangible assets in accordance with IAS 38 have not been met and all costs for research and development have been expensed.

Other receivables	2023	2022
Income accruals	282	3 990
Cost accruals	-	3 684
Prepayment to suppliers	7 539	-
Tax and value added tax	-	4 317
Other current assets	-58	2 518
Total	**7 763**	**14 508**

Other current liabilities	2023	2022
Accrued costs	10 857	10 122
Accrued interest	-	662
Advance from customers	-	4 891
Holiday pay and other debts to employees	34 440	22 409
Other current liabilities	27 182	99 531
Total	**72 479**	**137 615**

Auditor’s remuneration	2023	2022
Audit	2 593	2 369
Audit related services	631	394
Tax related services	-	-
Other services	203	37
Total	**3 427**	**2 800**

Note 21 Contractual obligations

As of 31 December 2023, guarantees have been given to customers on the basis of agreed deliveries of TNOK 21,148 (18,688).

Note 22 Contingent liabilities

Other obligations

In July 2018, three Danish companies initiated a lawsuit against Borgestad ASA, Borgestad Properties AS and Agora Bytom Sp. z.o.o at Oslo district court. The Danish companies claim to have claims against the defendants for payment of additional project administration related to the construction of the shopping center in Agora Bytom. In July 2019, the Court of Appeal rejected the case for procedural reasons with respect to one of the Danish companies (lack of legal interest) and Agora Bytom (court/arbitration clause). This decision is final.

In 2022, the claimants and Borgestad ASA entered into a settlement, whereby Borgestad ASA is obliged to pay MNOK 4 with addition of indexation (KPI) to the other parties in the event of a future sale and/or if Borgestad decreasing its direct or indirect influence, control and/or ownership to less than 50 percent of the Agora Bytom shopping center. The settlement also means that the other parties have waived any right to bring forward further claims arising from or connected to the Agora Bytom project against Borgestad ASA, Borgestad Properties AS, Agora Bytom Sp. z.o.o., as well as former or current board members and employees of the aforementioned companies.

The Group has not made any provisions in the accounts as the claim is assessed as a contingent liability arising at the time of a potential sale of the Agora Bytom shopping centre.

Note 23 Reconciliation for liabilities arising from financing activities

	2023	Other	New leases	Relocation	Foreign exchange movement	Cash flows	2022
Long-term borrowings	335 742			-60 043	24 730	-109 202	480 258
Short-term borrowings	60 043			60 043	-	-30 533	30 533
Bond [1)]	-	1 083				-97 664	96 581
Other short-term liabilities [2)]	-			-		-75 098	
Payment of lease liabilities	40 094	11 299	9 410			-18 492	37 877
Other long term debt	-	-631		-		-	631
Overdraft facility	24 098					-34 439	58 537
Total liabilities from financing activities	**459 977**	**11 751**	**9 410**	**-**	**24 730**	**-365 428**	**704 415**
1) MNOK 1,1 is amortized cost							
2) Loans from the Swedish tax authorities have been repaid in 2023							

	2022	Other	New leases	Relocation	Foreign exchange movement	Cash flows	2021
Long-term borrowings	480 258			40 462	21 828		417 967
Short-term borrowings	30 533			-40 462	-1 026	-33 058	105 079
Bond [1)]	96 581	-43 368				-124 936	264 885
Payment of lease liabilities	37 877	864	18 744			-14 104	32 373
Other long term debt [2)]	631			-78 664			79 295
Overdraft facility	58 537					58 537	-
Total liabilities from financing activities	**704 416**	**-42 504**	**18 744**	**-78 664**	**20 802**	**-113 561**	**899 600**
1) MNOK 4.4 is amortized cost without MNOK 47.8 which has been converted to share capital							
2) Swap Agora in Bank Pekao has been reclassified as a receivable, and loans from the Swedish tax authorities have been reclassified as short-term liabilities							

Note 24 Investment in subsidiaries

Transactions with subsidiaries are eliminated in the consolidated accounts and do not represent transactions with related parties.

The consolidated Group accounts include the accounts of Borgestad ASA with subsidiaries and related parties as summarized:

Subsidiary	Country of incorporation	Main operations	Ownership interest 2023	Ownership interest 2022
Borgestad Properties AS	Norge	Holding company	100,00 %	100,00 %
Agora Bytom Sp. z o.o.	Polen	Real estate company	100,00 %	100,00 %
GZMO Sp. z o.o.	Polen	Real estate company	100,00 %	100,00 %
Idea Property & Asset Management Sp. z o.o.	Polen	Property Management	100,00 %	100,00 %
Facility Service Sp. z o.o.	Polen	Property Management	100,00 %	100,00 %
Borgestad Industries AS	Norge	Holding company	100,00 %	100,00 %
Borgestad Industries AB	Sverige	Holding company	100,00 %	100,00 %
Höganäs Borgestad Holding AB	Sverige	Holding company	64,25 %	64,25 %
Höganäs Borgestad AS	Norge	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Borgestad AB	Sverige	Supplier of refractory products	64,25 %	64,25 %
Macon AB	Sverige	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Fastighets AB	Sverige	Real estate company	64,25 %	64,25 %
Höganäs Borgestad Energi & Ugnsteknik AB	Sverige	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Borgestad Oy	Finland	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Germany GmbH	Tyskland	Supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Italia Srl	Italia	Supplier of refractory products	64,25 %	64,25 %
Höganäs Contracting Asia Pacific Sdn Bhd	Malaysia	Supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Asia Pacific Sdn Bhd	Malaysia	Supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Eastern Europe Sp.z o.o.	Polen	Supplier of refractory products	64,25 %	64,25 %

There are no differences between the number of shares and voting rights for the shareholders in Höganäs Borgestad Holding AB. Höganäs Borgestad Holding AB owns 100 percent of all the other companies within Höganäs Borgestad Group, all companies with ownership interest below 100 % in the table above.

Note 25 Events after the balance sheet date

There are no significant events in 2024 per the date the annual report is dated beyond normal operations.

Borgestad ASA, Financial statements

Income statement

(NOK 1 000)	Note	2023	2022
Operating income and operating expenses			
Revenue	2	**101**	**348**
Salary and personnel expenses	3, 4	4 687	7 609
Depreciation	5	232	85
Other operating expenses	6	8 627	7 477
Total operating expenses		**13 547**	**15 171**
EBITDA		**-13 446**	**-14 823**
Financial items			
Income from investment in subsidiaries companies	7	7 043	7 989
Income from investment in associated companies		-	1 041
Net interest from subsidiaries	8	10 211	7 565
Foreign currency gain/(loss)		17 700	3 741
Reassessment of financial assets	7, 9	-118 583	-62 979
Interest expenses	9,10	-9 316	-23 181
Net financial income		**-92 945**	**-65 824**
Profit before taxes		**-106 391**	**-80 647**
Income tax	11	-	11 902
Profit/(loss) for the year		**-106 391**	**-92 549**
Allocated as follows:			
Transfer from other equity	12	-106 391	-92 549

Balance sheet

(NOK 1 000)	Note	2023 31.12.	2022 31.12.
Assets			
Property, plant and equipment	5	4 042	3 805
Shares in subsidiaries	7, 10	400 548	247 109
Loan to group companies	8, 10	148 231	265 064
Investments in other shares	9	-	1 306
Total non-current assets		**552 821**	**517 285**
Trade and other receivables subsidiaries	8, 10	270 898	8 174
Other receivables		1 382	631
Bank deposits	13,14	131 168	66 938
Total current assets		**403 448**	**75 742**
Total assets		**956 269**	**593 027**
Equity and liabilities			
Share capital	12	350 621	152 491
Own shares	12	-	-80
Share premium reserve	12	211 759	335 382
Other paid-in equity	12	114 362	-
Total paid-in capital		**676 741**	**487 793**
Other equity	12	-	-
Total retained earnings		-	-
Total equity	**12**	**676 741**	**487 793**
Pension liabilities	4	6 000	5 098
Bond loan	10	-	96 581
Total long term liabilities		**6 000**	**101 679**
Trade creditors	8	957	1 191
Accrued public taxes		598	425
Other short-term liabilities	8	271 972	1 940
Total current liabilities		**273 527**	**3 556**
Total equity and liabilities		**956 269**	**593 027**

Borgestad, 26 April 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

Cash flow statement

(NOK 1 000)	Note	2023	2022
Loss before income taxes		-106 391	-80 647
Sales loss/(gain) and write-downs	7	118 633	62 056
Depreciation	5	232	85
Accrued interest, not paid	8	-10 211	-7 450
Change in short term receivables and liabilities subsidiaries	8	-135 680	-26 972
Change in short term receivables and liabilities		-899	4 438
Cash flow from operating activities		**-134 315**	**-48 491**
Dividends from associated companies		-	1 041
Proceeds from sale of other investments	9	378	1 005
Purchase of fixed assets	5	-898	-679
Cash flow investment activities		**-520**	**1 367**
Repayment of long term loans	10	-97 664	-124 936
Proceeds from issuing new shares	12	296 729	215 019
Cash flow from financial activities		**199 065**	**90 083**
Net cash flow this year		64 230	42 960
Cash position January 1.		**66 938**	**23 978**
Liquidity December 31.	14	**131 168**	**66 938**

Borgestad ASA,
Notes to the financial statements

Note 1 Accounting Principles

The financial statements are prepared and presented in Norwegian kroner (NOK). The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway as at 31 December 2023.

Sales
Rental income is recognised on a straight-line basis over the lease period. Gains on the sale of fixed assets are recognised as income at the time of sale. Interest income is recognised when it has been earned, while dividends are recognised as income when approved by the general meeting. However, dividends and Group contributions from subsidiaries are recognised as income in the same year as provisions are made in the subsidiary.

Realised gains and losses on the sale of securities are recognised in the income statement when electronic trading has been carried out or a bilateral agreement has been entered into with the buyer. Gains/losses are included among financial income and expenses.

THE USE OF ESTIMATES
Preparation of the annual accounts in accordance with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting principles, as well as the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed and assessed on an ongoing basis, and are based on historical experience and various other factors considered to be reasonable. Changes to the accounting estimates are recognised in the profit and loss account in the same period as the one in which the estimates are revised, unless deferred allocations are prescribed by generally accepted accounting principles.

Property, plant and equipment
Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Subsidiaries, investments in associate and other shares
Subsidiaries, investments in associate and other shares are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

FOREIGN CURRENCY

Operating income and expenses, as well as lending, are mainly in NOK, SEK, EUR and PLN. Transactions in foreign currencies are translated into NOK using the exchange rates applicable at the time of each transaction. Monetary items in foreign currencies are translated into NOK using the exchange rates applicable on the balance sheet date. Non-monetary items that are measured at fair value in a foreign currency are translated into NOK using the exchange rates applicable on the date of measurement. Valuation changes due to exchange rate fluctuations are recorded on a continuous basis under other financial items.

RECEIVABLES

Trade receivables and other receivables are recorded at par value after the subtraction of a provision for expected losses. Provisions are made for losses based on individual assessments of each receivable.

LOAN

Bond issues are accounted for at amortized cost using the effective interest rate method. Unamortised transaction costs are recognised against the loan account on the balance sheet and amortisation costs are reflected in the income statement as interest expenses.

PENSIONS

Defined benefit plans

A defined-benefit pension agreement defines the employees' entitlement to agreed future pension benefits that normally depend on factors such as age, number of years employed and salary terms.

Defined-benefit pension plans are assessed at the present value of future pension benefits that are considered to have been earned on the balance sheet date for accounting purposes. Pension funds are valued at fair value. The pension obligation is calculated annually by independent actuaries based on a linear earning method. The present value of a pension obligation under a defined benefit pension plan is calculated by discounting the future payments based on the market's effective interest rate on the balance sheet date.

Changes in the liability due to changes in and deviations in the calculation assumptions are recognised directly in equity.

Defined contribution plans

The company also has a defined-contribution pension plan as a collective occupational pension. The pension cost is allocated to profit and loss, and there are no obligations for the company beyond the annual payment.

CLASSIFICATION AND ASSESMENT OF BALANCE SHEET ITEMS

Current assets and current liabilities comprise items that fall due within one year after the balance sheet date. Other items are classified as non-current assets/non-current liabilities.

Current assets are valued at the lower of acquisition cost or fair value. Current debt is recognised at its nominal value at the time it was recorded. Non-current assets are valued at acquisition cost but written down to fair value whenever impairment is deemed non-transient. Non-current debt is recognised at nominal value. Fixed interest rate bonds are accounted for at amortised cost.

TREASURY SHARES

The company's holdings of treasury shares are recorded at a nominal value below paid-in equity. The difference between nominal value and acquisition cost is recorded under other equity.

TAX

The tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated at a nominal value rate based on the temporary differences that exist between accounting and tax values, and tax losses carried forward at the end of the accounting year. Tax increasing and tax decreasing temporary differences that reverse or can be reversed in the same period are offset. Net deferred tax assets are recognised to the extent that it is probable that they can be utilised.

Tax payable and deferred tax are recognised directly against equity to the extent that the tax items relate to items recognised directly to equity.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents consist of cash, bank deposits and other current, liquid investments.

All figures in the notes to Borgestad ASA's company accounts amount to NOK 1 000, unless otherwise stated.

Note 2 Government grants

In 2022, the company has received TNOK 53 in grants from the compensation scheme for electricity support for businesses led as a reduction in electricity costs.

Note 3 Salary and personnel expense and management remuneration

See the Group's Note 4 for remuneration to the Board of Directors and Group Executive Management.

Compensation of employees	2023	2022
Salaries including board fees	5 088	6 762
Distribution of salary to Högnäs Borgestad Holding AB	-1 700	-701
Social security costs	984	1 103
Pension costs	211	259
Other personnel costs	105	186
Total salaries and personnel expense	**4 687**	**7 609**
The number of man-years that has been employed during the financial year:	3	3

External audit remuneration	2023	2022
Statutory audit	963	878
Other assurance services	631	394
Tax consultant services	-	-
Other non-audit services	203	-
Total	**1 797**	**1 273**

Note 4 Pension

The company is obliged to have a pension plan pursuant to the Mandatory Occupational Pension Act in Norway. The company's pension plans satisfy the legal requirements. The company has a defined contribution pension plan that includes full-time employees, a total of three persons as of 31. December 2023. The contribution is between 5 and 8 percent of the basic salary.

In addition, the company has an unsecured defined benefit pension plan for 2 persons. The pension plan was closed for new employees at the transition date.

Total pension expense recognised in profit and loss	2023	2022
Pension expense recognised from defined benefit plans	26	24
Interest expenses	153	75
Estimated pension cost/income for defined benefit plans	**178**	**99**
Contributions to defined contribution plans	217	237
Contributions AFP	41	49
Total pension expense recognised in profit and loss	**437**	**385**
Unsecured pension:		
Number of people in the agreement at the end of the year:		
Number of active	-	1
Number of retired	2	1
Gross pension obligation including social security tax	**6 000**	**5 098**
Estimate variance		
Encountered estimate deviations on pension liabilities unsecured schemes (negative sign is losses)	-1 388	-212
Total estimate deviations recognised directly to equity	**-1 388**	**-212**
The year's pension costs are calculated as follows:		
Social security tax	14,1 %	14,1 %
Average turnover	0,0 %	5,0 %
Pension liabilities and pension assets:		
Discount rate	3,70 %	3,20 %
Wage growth in %	3,75 %	3,75 %
G-regulation	3,50 %	3,50 %
Pension adjustments in %	2,40 %	1,70 %
Expected return	3,70 %	3,20 %

Note 5 Property, plant and equipment

	Land and property	Other	Sum
Accumulated cost as at 1 January	**6 420**	**794**	**7 214**
Additions	-	898	898
Disposals	-	-579	-579
Accumulated cost as at 31 January	**6 420**	**1 113**	**7 533**
Accumulated depreciation 01.01	3 387	21	3 408
Depreciation	83	149	232
Disposals	-	-150	-150
Accumulated depreciation 31.12	3 471	20	3 490
Carrying value	**2 949**	**1 093**	**4 042**
Economic life	0	0 % and 20 %	

Other include a car and art. The art is not depreciated and the value is NOK 215.
In 2023 Borgestad ASA has leased office equipment at an annual cost of TNOK 39. The leases expires in 2.5 years.

Note 6 Other operating expenses

Other operating expenses	2023	2022
Audit fees, financial and legal assistance	6 340	4 919
Operation and maintenance	1 507	1 486
Travel expenses and associated costs	269	343
Lease of fixed assets	39	340
Other	473	390
Total	**8 627**	**7 477**

Note 7 Subsidiaries

Company	Investment year	Location, city	Ownership in %	Equity as at 31 Dec. 2023	Profit before tax	Book value 31.12.23	Book value 31.12.22
Borgestad Properties AS	1998	Skien, Norway	100 %	247 641	-108 006	247 641	94 203
Borgestad Industries AS	2013	Skien, Norway	100 %	171 286	-579	151 064	151 064
Höganäs Borgestad Holding AB	2021	Gävle, Sweden	2,4%*	357 187	43 460	1 842	1 842

Specification of reversals/write-downs of financial assets:	2023	2022
Reversal/(-) write-down of shares in subsidiaries	-117 277	-62 979
Total	**-117 277**	**-62 979**

* In addition, Borgestad ASA owns and controls 61.8 per cent of Höganäs Borgestad Holding AB through Borgestad Industries AS. Borgestad ASA, directly and indirectly, owns and controls 64.2 per cent of Höganäs Borgestad Holding AB.

In 2023, Borgestad ASA has received Group contributions from Borgestad Properties AS amounting to TNOK 7,043. Borgestad AS has given a Group contributions to Borgestad Properties AS amounting to TNOK 270,715,105.

Note 8 Outstanding balances related parties

Company	2023	2022	2023	2022	2023	2022
	Current receivables		Long-term receivables		Long-term and short-term debt	
Agora Bytom Sp. z o.o.	-	-	133 823	114 175	-	-
Borgestad Industries AS	-	-	8 951	8 533	-	-
Borgestad Industries AB	-	-	5 457	5 239	-	-
Höganäs Borgestad Holding AB	69	175	-	10 493	-	-
Höganäs Bjuf Fastighets AB	114	-	-	-	-	-
Höganäs Borgestad AS	-	9	-	2 208	-	-
Höganäs Borgestad AB	-	-	-	-	-9	-
Borgestad Properties AS	270 715	7 989	-	124 416	-270 715	-
Total	**270 898**	**8 174**	**148 231**	**265 064**	**-270 724**	**-**

Receivables towards Idea Property &; Asset management Sp. z o.o. are written down by TNOK 1,392 to TNOK 0.

Long-term receivables are generally due more than 1 year from the date of the balance sheet. There is no specific repayment schedule.

Long-term receivables related to Agora Bytom Sp. z o. o. is a loan issued in PLN, change in value in NOK is because of change in exchange rate and not change in principal amount.

Intermediate accounts with Group companies are calculated annually at an interest rate of 3 per cent or 5 per cent.

Interest income with Group companies in 2023 is TNOK 10,211 compared with TNOK 7,565 in 2022.

Note 9 Other shares

Fixed Assets	Total share capital	Number of shares	Investment value	Book value 31.12
ERH AS	3 290	1 021 345	27 573	-
QNTM Ecom SW AB		746 800	1 306	-
Impact Technology System AS	922	1 670	349	-
Total			**29 228**	**-**

The shares in QNTM Ecom SE AB have been written down by TNOK 1.306 to NOK 1 in 2023.

Note 10 Bond loan

Mortgage-secured debt and drawing rights	2023	2022
Bond BOR04	-	100 000
Debt maturing after 5 years:	-	-
Book value of assets pledged as collateral for this liabilities:		
Shares in subsidiaries controlled directly by Borgestad ASA	-	247 109
Intermediates with subsidiaries	-	150 889
Total	-	**397 998**

The property loan issued from Pekao Bank in Poland to Agora Bytom Sp. z o.o., Borgestad ASA has provided a guarantee of MEURO 5.

Borgestad ASA has in December 2023 repaid the bond loan (BOR04) with a principal amount of NOK 100 million in its entirety through a voluntary early redemption of the issued bonds at a price equal to 100% of the nominal value.

Long-term debt	2023	2022
Bond BOR04 amortized	-	96 581

Note 11 Tax

Tax expense and deferred tax	2023	2022
Change in deferred tax	-	11 902
Total tax expense	**-**	**11 902**
Profit before tax	-106 391	-80 647
Permanent differences	125 625	70 045
Consolidated contribution recognised in the income statement	-7 043	-7 989
Other permanent differences	-17 153	-13 969
Change in temporary differences	-16 081	-2 158
Tax base	**-21 043**	**-34 718**
Overview of temporary differences:		
Fixed asset differences	30	2
Long-term receivables and liabilities in foreign currency	32 983	15 269
receivables	-613	-511
Profit and loss account	70	87
Unsecured pension liabilities/funds	-6 000	-5 098
Bond issue, accrued amortised cost	-	640
Total temporary differences	26 471	10 389
Tax losses carried forward	-206 357	-185 313
Write-down deferred tax assets	179 886	174 924
Total deferred tax basis	**-**	**-**
Net deferred tax 22%	-	-
Reconciliation of effective tax rate in the profit and loss account		
Profit before tax	-106 391	-80 647
22% tax on profit before tax	-23 406	-17 742
22% tax on permanent differences	22 314	10 579
Tax on income/costs entered directly in the balance sheet	-	47
Change in unrecognised deferred tax asset	1 092	19 019
Tax expense	**-**	**11 902**
Effective tax rate (tax expense compared with profit / loss before tax)	0,0 %	14,8 %

Capitalised deferred tax asset

Deferred tax assets are calculated on the basis of temporary differences that are expected to reverse in the foreseeable future. When recording deferred tax assets on the balance sheet, the company has assessed whether it is likely that the company can benefit from the estimated deferred tax benefit through future earnings.

When it is not probable that the estimated tax advantage can be utilised against future earnings, a limitation has been made in the capitalisation of the deferred tax advantage. Unrecognised deferred tax assets amount to TNOK 39,575 as of 31 December 2023.

Note 12 Equity and related parties

	Share capital	Treasury shares	Share premium reserve	Other paid-in capital	Other Equity	Total equity
Equity as at 01.01 2022:	**152 491**	**-80**	**335 382**	**-**	**-**	**487 793**
Profit for the period			-106 391			-106 391
Share capital decrease by transfer to other paid-in capital	-114 362			114 362		-
Issue of share capital	312 500		-15 771			296 729
Other change	-8	80	-72			-
Estimate change pension obligation			-1 388			-1 388
Equity as at 31.12 2023	**350 621**	**-**	**211 759**	**114 362**	**-**	**676 741**

The company's share capital at 31 December 2023 is NOK 350,621,710 divided into 1, 402,482,841 shares with a nominal value of NOK 0.25 per share. All shares have equal voting rights.

Treasury shares

At the Annual General Meeting in June 2023, the Board of Directors was authorised to acquire treasury shares up to nominal value TNOK 15,249. The company's 8,010 treasury shares was deleted in December 2023.

Shares owned or controlled by the company's management, the board of directors and their related parties:	Number of shares	Percent
Jan Erik Sivertsen[1)] board member	380 513 105	27,13 %
Helene Steen [2)] board member	209 408 501	14,93 %
Glen Ole Rødland [3)] Chairman of the board	60 000 000	4,28 %
Jacob Møller [4)] board member	48 719 692	3,47 %
Pål Feen Larsen, CEO	5 529 605	0,39 %
Wenche Kjølås [5)] board member	4 000 000	0,29 %
Total	**708 170 903**	**50,49 %**

[1)] Applies to the company Kontrari AS, where Jan Erik Sivertsen is general manager

[2)] Applies to the company SES AS, where Helene Steen is principal/CFO

[3)] Applies to the company Gross Management AS, where Glen Ole Rødland and close relatives controls 100 % of the shares

[4)] Applies to the companies Ploot Invest AS and Dione AS, both controlled by Jacob Møller

[5)] Applies to the company Jawendel AS, where Wenche Kjølås and close relatives controls 100 % of the shares

Subsidiary	Country of incorporation	Main operations	Ownership interest 2023	Ownership interest 2022
Borgestad Properties AS	Norge	Holding company	100,00 %	100,00 %
Agora Bytom Sp. z o.o.	Polen	Real estate company	100,00 %	100,00 %
GZMO Sp. z o.o.	Polen	Real estate company	100,00 %	100,00 %
Idea Property & Asset Management Sp. z o.o.	Polen	Property Management	100,00 %	100,00 %
Facility Service Sp. z o.o.	Polen	Property Management	100,00 %	100,00 %
Borgestad Industries AS	Norge	Holding company	100,00 %	100,00 %
Borgestad Industries AB	Sverige	Holding company	100,00 %	100,00 %
Höganäs Borgestad Holding AB	Sverige	Holding company	64,25 %	64,25 %
Höganäs Borgestad AS	Norge	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Borgestad AB	Sverige	Supplier of refractory products	64,25 %	64,25 %
Macon AB	Sverige	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Fastighets AB	Sverige	Real estate company	64,25 %	64,25 %
Höganäs Borgestad Energi & Ugnsteknik AB	Sverige	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Borgestad Oy	Finland	Installation and supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Germany GmbH	Tyskland	Supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Italia Srl	Italia	Supplier of refractory products	64,25 %	64,25 %
Höganäs Contracting Asia Pacific Sdn Bhd	Malaysia	Supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Asia Pacific Sdn Bhd	Malaysia	Supplier of refractory products	64,25 %	64,25 %
Höganäs Bjuf Eastern Europe Sp.z o.o.	Polen	Supplier of refractory products	64,25 %	64,25 %

Transactions between the company and related parties have mainly consisted of rental of property, loans and interest.

The 20 main shareholders at 31.12.23 are: Shareholder	Number of shares	Ownership interest:
Kontrari AS	380 513 105	27,13 %
Ses AS	209 408 501	14,93 %
Clearstream Banking S.A.	80 536 191	5,74 %
Auris AS	78 749 042	5,61 %
Intertrade Shipping AS	69 567 135	4,96 %
Gross Management AS	60 000 000	4,28 %
Jahatt AS	44 000 000	3,14 %
Dione AS	43 885 449	3,13 %
North Sea Group AS	39 023 515	2,78 %
Regent AS	32 139 449	2,29 %
Suveren AS	25 512 287	1,82 %
Brødrene Jensen AS	23 733 583	1,69 %
Christiansen Lars Aage Haaland	15 173 441	1,08 %
Bratrud Gudmund Joar	13 378 637	0,95 %
Ar Vekst AS	10 000 000	0,71 %
Torhus Andreas	9 079 000	0,65 %
Batjak AS	8 900 091	0,63 %
Gravråk Olve	8 000 000	0,57 %
Lgt Bank AG	7 939 560	0,57 %
Cjl Holding AS	7 416 742	0,53 %
Total	**1 166 955 728**	**83,19 %**
Other shareholders	235 527 113	16,79 %
Total	**1 402 482 841**	**100,00 %**

Note 13 Financial instruments - Financial risk and management objectives and policies

The company's principal financial assets include shares in subsidiaries, loan to Group companies and cash. The Group is exposed to market risk, credit risk and liquidity risk. The company's management oversees the management of these risks.

Market risk

Market risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits and debt.

i) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company is exposed to changes in the value of NOK relative to other currencies, primarily to the subsidiary's operating activities. The company's subsidiaries have operations that are partly currency exposed. Indirectly Borgestad are currency exposed to EUR and PLN through receivables and investments in Borgestad Properties AS, which in turn has receivables and investment in Agora Bytom Sp. z.o.o.

ii) Liquidity risk

Liquidity risk is the risk that the company will not be able to fulfil its financial obligation as they fall due. The Groups approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The placement of a private placement and a subsequent offering directed at shareholders in the company as of 6. November increased the share capital with TNOK 296,700, after deduction of costs. The company repaid the outstanding NOK 100 million in bond "BOR04" in December 2023, and the company are after the repayment free of interest bearing debt

The company's management and board consider that the company has a good liquidity situation.

iii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions and account receivables.

The largest individual debtors are the subsidiary Borgestad Properties AS with TNOK 270,715, and the subsidiary Agora Bytom Sp. z o.o a total of TNOK 133,823. The largest debtor in Borgestad Properties AS is also Agora Bytom Sp. z o.o. Maximum risk exposure is represented by the carrying value of the financial assets, including any derivatives, on the balance sheet. As counterparties in derivatives trading and deposits in banks are normally banks, the credit risk associated with these items is considered to be very low.

The company therefore considers its maximum risk exposure to be the carrying value of long-term receivables, TNOK 148,231. See overview in Note 8.

Note 14 Cash

Cash and cash equivalents	2023	2022
Unrestricted cash	130 812	66 695
Restricted cash	355	243
Total cash	**131 168**	**66 938**

Note 15 Contingent liabilities

Borgestad ASA has provided a guarantee of MEURO 5 in connection with the property loan issued from Pekao Bank in Poland to Agora Bytom Sp. z o.o. Other than the guarantee issued to Bank Pekao there are no known major disputes or contingent liabilities as at 31 December 2023.

Note 16 Events after the balance sheet date

See Note 25 to the financial statements of the Group.

Attachments

Alternative performance measures

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 (IBD): Long-term and short-term loans, including financial leasing obligations.
Net interest-bearing debt (NIBD): IBD minus Cash.
Profit per share: Net profit divided by the average number of shares.
Cash flow: Cash flow divided by the average number of shares.

EBITDA adjusted	2023
EBITDA	127 478
Gain resulting from the arbitration case	-46 400
EBITDA adjusted	**81 078**

Return on equity	2023	2022	2021	2020
Total equity	755 842	507 873	339 297	383 758
Average equity	631 857	423 585	361 527	448 774
Profit before taxes	-37 283	-124 320	-39 975	-162 238
Foreign currency gain/(-) loss	10 534	-6 839	-2 142	5 984
Return on equity in %	**-4,2 %**	**-31,0 %**	**-11,6 %**	**-34,8 %**

Return on total capital	2023	2022	2021	2020
Total capital	1 406 378	1 466 558	1 431 627	1 534 153
Average capital	1 436 468	1 449 093	1 482 890	1 585 147
Profit before taxes	-37 283	-124 320	-39 975	-162 238
Interest expenses	51 910	47 429	52 664	52 318
Return on total capital in %	**1,0 %**	**-5,3 %**	**0,9 %**	**-6,9 %**

Liquidity ratio	2023	2022	2021	2020
Current assets	463 752	455 432	357 058	368 954
Current liabilities	272 984	344 718	552 739	384 665
Liquidity ratio in %	**169,9 %**	**132,1 %**	**64,6 %**	**95,9 %**

Equity ratio	2023	2022	2021	2020
Total equity	755 842	507 873	339 297	383 758
Total capital	1 406 378	1 466 558	1 431 627	1 534 153
Equity ratio in %	**53,7 %**	**34,6 %**	**23,7 %**	**25,0 %**

IBD (Interest-bearing debt)	2023	2022	2021	2020
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	40 093	37 877	32 372	26 733
Bank overdraft	24 098	58 537	-	81 335
Total interest-bearing debt	**459 976**	**779 816**	**899 599**	**941 159**

NIBD (Net Interest-bearing debt)	2023	2022
IBD (Interest-bearing debt)	459 976	779 816
Cash	152 688	91 059
Total	**307 289**	**688 757**

NIBD/EBITDA	2023	2022
NIBD (Net Interest-bearing debt)	307 289	688 757
EBITDA	127 478	52 294
NIBD/EBITDA	**2,4**	**13,2**

Statement from the Board and the CEO of Borgestad ASA

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements of Borgestad ASA as of 31 December 2023.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU as well as additional information requirements as per the Norwegian Accounting Act. The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.

We confirm to the best of our knowledge that:

- the consolidated financial statements for 2023 have been prepared in accordance with IFRS® Accounting Standards as adopted by EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the financial statements for the parent company for 2023 have been prepared in accordance with simplified IFRS® Accounting Standards pursuant to section 3-9 of the Norwegian Accounting Act, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principal risks and uncertainties

Borgestad, 26 April 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

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To the General Meeting of Borgestad ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Borgestad ASA, which comprise:

- The financial statements of the parent company Borgestad ASA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of Borgestad ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, consolidated income statement, statement of other comprehensive income, consolidated statement of change in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Borgestad ASA for 7 years from the election by the general meeting of the shareholders on 8. juni 2017 for the accounting year 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

Description of the Key Audit Matter	How the matter was addressed in the audit
The Group's investment property Agora Bytom in Poland has a booked value of 701 million kroner as of 31.12.2023. The investment property is recognized at cost. The investment property has been tested for impairment in 2023 and the recoverable amount has been determined by the management with assistance from external valuation specialists. The investment property has been impaired with 94 million kroner, and it is referred to note 9 in the Annual Report. The determination of the recoverable amount is based on key assumptions such as discount rate, future tenant income and vacancy rate. These are assumptions where management exercise judgment and which possess estimation uncertainty and combined with the investment property's relative substantial share of the Group's total assets, this has been concluded to be a key audit matter.	We have: • Assessed the design & implementation of relevant controls related to management process for identifying impairment indicators, as well as the determination of the recoverable amount of the investment property. • Assessed the methodological approach to determine the recoverable amount in accordance with the requirements set out in IAS 36 – Impairment of assets. • Assessed competence and objectivity of external valuation specialists. • Used internal specialist to test the accuracy of the methods applied to determine the recoverable amount. • Reviewed and challenged the reasonableness of management's assumptions related to tenant income and vacancy rate by comparing historical tenant income and vacancy rate. • Used internal specialist to assess the applied discount rate. • Assessed whether the disclosure requirements in the annual report fulfil the disclosure requirements in IAS 40 – Investment Property and IAS 36 – Impairment of assets.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors’ report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Borgestad ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Borgestad-ASA-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Skien, 26 April 2024
Deloitte AS

Kenneth Karlsen
State Authorised Public Accountant

This document is signed electronically