



BORGESTAD ASA



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 EXECUTIVE REMUNERATION REPORT 2023

Table of Contents

Borgestad ASA - Executive Remuneration Report 2023

- 3 Background
- 3 Purpose
- 3 Overall company development in 2023
- 4 Feedback from shareholders

- 4 Remuneration to the board
- 5 Remuneration to management
- 7 Board statement

Independent Auditor's statement

Borgestad ASA - Executive Remuneration Report 2023

Background

Pursuant to the Public Limited Liability Companies Act § 6-16 b), the board of Borgestad ASA ("Borgestad ASA" or the "Company", and together with its subsidiaries "the Group") must each financial year prepare a report which provides an overall overview of paid and outstanding salaries and remuneration to leading persons who are covered by the guidelines defined in section 6-16 a). The report meets the requirements set out in the "Regulations on guidelines and reports on remuneration for senior executives".

Purpose

The purpose of the report is to ensure transparency related to Borgestad's remuneration policy and the actual remuneration of Borgestad's executive management, to confirm compliance with the guideline for remuneration to executive management, as well as to ensure that the remuneration scheme is in accordance with Borgestad's results, long and short term objectives. The aim of these guidelines is to ensure the Company's competitiveness as an employer, but the Company does not want to be a salary leader. Borgestad's principles for remuneration shall ensure responsible and sustainable decisions on the determination of remuneration which are in line with the Company's business strategy, long-term interests and financial sustainability. In order to achieve this, both remuneration and other terms of employment must enable the Company to recruit, develop and retain skilled senior staff with relevant experience and expertise. Remuneration must be competitive, on market terms, and reflect the responsibility of the individual senior employee. The incentives and objectives set for each senior employee must reflect the long-term interests of the Company's shareholders.

Overall company development in 2023

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 turnover in 2023 of NOK 1,141.4 million, up from NOK 931.7 million in 2022. The total turnover 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 center.

In 2023, the refractory segment achieved a revenue 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 revenue of NOK 870.8 million and an EBITDA of NOK 31.9 million.

Feedback from shareholders

The general meeting took note of the guidelines for executive management in November 2023 without any input or comments.

The Borgestad executive remuneration report for 2022 was presented to the 2023 annual general meeting for advisory vote. 100.0 percent of the votes cast were for the report.

Remuneration to the board

The board's remuneration was approved at the ordinary general meeting in June 2023, and there have been no deviations from these principles in 2023. The board's remuneration is decided each year by the general meeting. The remuneration consists only of a fixed fee, with the addition of a fixed fee for participation in the audit committee. For 2022/2023, board fees for Borgestad ASA amounted to NOK 175,000 for board members and NOK 315,000 for the chairman.

The Company has after the general assembly in 2023 changed principle and timing related to payment of the board remuneration, from a yearly payment after the full board period to payment each quarter. The change of principle related to payment have had the effect in 2023 that the board members Jan Erik Sivertsen, Jacob Møller and Helene Steen have been paid board remuneration for full year of 2022/2023 and two quarters for 2023/2024 remuneration. For 2023/2024, board fees for Borgestad ASA amounted to NOK 200,000 for board members and NOK 400,000 for the chairman.

Remuneration paid to board members in 2023	Board remuneration	Audit committee	Total
Glen Ole Rødland, Chair of the board from June 2023 ¹	200	-	200
Jacob Møller ² , Chair 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 Kjølås, 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	2 049
Remuneration paid to board members in 2022	Board remuneration	Audit committee	Total
Jacob Møller, chair ³	443	15	458
Gudmund Bratrud, board member until 9. June 2022. deputy member from June 2022	165	8	173
Anita Ballestad, styremedlem til 9. juni 2022	165	8	173
Anne Sofie Tønseth Markman	165	15	180
Odd Rune Austgulen, board member from 9. juni 2022	-	-	-
Jan Erik Sivertsen, board member from 9. juni 2022	-	-	-
Helene Steen, board member from 9. juni 2022	-	-	-
Total	938	45	983

Table 1 benefits paid to the board in 2023

Remuneration to management

The group management's remuneration in 2023 has followed the guidelines for remuneration adopted by the general meeting in 2021. The guidelines for remuneration are available at borgestad.no as part of the notice to the ordinary general meeting in 2021 and the extraordinary general meeting in December 2023.

The remuneration to the management consists of a fixed salary, variable remuneration, pension contributions and other benefits. The remuneration scheme must be linked to the achievement of the group's expressed strategic and financial goals and value base. Fixed salary shall be the main element of the overall remuneration and shall be determined according to criteria such as the nature of the position, competence and personal suitability. The fixed salary is assessed annually and determined on the basis of salary trends in society.

The main element of the remuneration scheme must be a fixed salary. Remuneration for executive management must be competitive, but not salary-leading, so that the company attracts, retains and engages staff to help achieve targets, as well as secure operations and high quality. Moderation in remuneration must be ensured by showing a balance in remuneration towards other employees. Gender, orientation or cultural

1 Corona Maritime AS, which is controlled by Glen Ole Rødland, has a consultancy agreement with Borgestad ASA. In 2023, NOK 824,662 was invoiced.

2 Plout Invest AS, which is controlled by Jacob Møller, has a consultancy agreement with Borgestad ASA. In 2023, NOK 27,853 was invoiced. The agreement is terminated by both parties in 2023. Jacob Møller was elected chairman of Höganäs Borgestad Holding AB until June 2023, where a board fee of SEK 150,000 has been paid in 2023 for the period 2022/2023.

3 Plout Invest AS, which is controlled by Jacob Møller, has a consultancy agreement with Borgestad ASA. In 2022, NOK 336,428 was invoiced. Jacob Møller has been elected chairman of Höganäs Borgestad Holding AB, where a board fee of SEK 150,000 has been paid in 2022.

background are not given weight when determining wages or other remuneration. There must be a clear connection between the criteria for the performance-based remuneration and the company's goals and strategies. The principles for remuneration must be clear and simple, so that there is no need for interpretation and it must be designed so that compliance and reporting are intuitive.

Variable remuneration to CEO Borgestad ASA in 2022 is remuneration in connection with the achievement of strategic goals by successful completion of a private placement, bond conversion, repair issue and negotiation with bondholders for improved conditions on outstanding debt and thereby improving the group's financial carrying capacity.

Variable remuneration to the CEO segment refractory for 2022 is remuneration in connection with implemented strategic changes during the period.

Group management is not entitled to any amounts at the end of the year beyond normal holiday pay.

Table 3 benefits paid to executive management in 2023

Remuneration paid to executive management in 2023	Fixed remuneration			Variable remuneration	Total	Share of fixed and variable remuneration	
	Salary	Other remuneration	Pension	Bonus		Fixed	Variable
Pål Feen Larsen, CEO	2 800	184	125	-	3 109	100,00 %	0,00 %
Frode Martinussen, CEO Refractory segment from 1st of August 2023	875	7	20	-	902	100,00 %	0,00 %
Total	3 675	191	145	-	4 011		

Table 4 benefits paid to executive management in 2022

Remuneration paid to executive management in 2022	Fixed remuneration			Variable remuneration	Total	Share of fixed and variable remuneration	
	Salary	Other remuneration	Pension	Bonus		Fixed	Variable
Pål Feen Larsen, CEO	2 631	191	115	600	3 537	83,04 %	16,96 %
Niclas Sjöberg, CEO Refractory segment, until 6. October 2022	2 205	1	639	212	3 056	93,07 %	6,93 %
Total	4 836	192	754	812	6 594		

Remuneration for executive management:	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022
Pål Feen Larsen, CEO	2 421	2 611	3 197	3 537	3 109
Change in total remuneration	-7,3 %	7,9 %	22,5 %	10,6 %	-12,1 %
Niclas Sjöberg, CEO Refractory segment until 6. October 2022	2 959	3 743	3 410	3 056	-
Change in total remuneration	-9,8 %	26,5 %	-8,9 %	-10,4 %	-
Frode Martinussen, CEO Refractory segment from 1. August 2023	-	-	-	-	902
Change in total remuneration	-	-	-	-	N/A
Total remuneration executive management:	5 380	6 354	6 607	6 594	4 011

Groups results:	2019	2020	2021	2022	2023
Profit after tax:	-61 650	-175 006	-23 598	-126 109	-63 592
Average remuneration divided by the number of man-years:					
Average remuneration	579	533	702	604	687
Average change in %	13,2 %	-7,9 %	31,6 %	-14,0 %	13,8 %
Number of full-time employees in the group	372	422	319	353	371

Tabell 5 remuneration and company profit 2019 – 2023

Board statement

On 26 April 2024, the board processed and approved the remuneration report for Borgestad ASA for the financial year 2023. The remuneration report has been prepared in accordance with section 6-16 b) of the Public Limited Liability Companies Act and regulations issued pursuant to this provision. In our opinion, the Remuneration Report is in accordance with the Remuneration Policy adopted at the Annual General Meeting, and is free from material misstatement and omissions, whether due to fraud or error. The remuneration report will be presented to the General Meeting on 3 June 2024 for final approval.

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

To the General Meeting of Borgestad ASA

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REPORT ON SALARY AND OTHER REMUNERATION TO DIRECTORS

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Borgestad ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31. December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. 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)