

Quarter Presentation Q4 2024

28. February 2025



BORGESTAD ASA

Agenda

- 1 **Highlights and key figures**
- 2 Introduction
- 3 Real estate segment review
- 4 Industry segment review
- 5 Financials
- 6 Summary and outlook



Highlights and key figures

Highlights

- 1 2024 was a transformational year for Borgestad, marked by continued positive operational development across the two business segments.
- 2 Borgestad Group reports a full year 2024 profit before tax of MNOK 82.3, up from MNOK -37.3 in 2023.
- 3 Höganäs Borgestad Group achieved an EBIT margin of 2.0 percent in Q4'24, up from 1.4 percent in Q4'23 – a solid performance given the seasonal slowdown in Q4.
- 4 Agora Bytom continued its positive momentum, posting an EBITDA of MNOK 10.8 in Q4'24, an improvement from MNOK 8.9 in Q4'23.
- 5 In light of the results, the Board of Directors will propose to the Annual General Meeting an ordinary dividend of NOK 0.80 per share for 2024.

Key figures

MNOK	FULL YEAR	
	2024	2023
Operating income	1,169	1,141
EBITDA	139	127
Depreciation & Impairment of non-current assets	35	122
Operating profit (EBIT)	104	6
Profit before tax	82	-37

MNOK	END OF YEAR	
	31.12.2024	31.12.2023
Cash	220	153
Available liquidity at end of period	276	186
IBD	448	460
NIBD	227	307
NIBD/EBITDA LTM	1.6	2.4
Equity ratio	55%	54%

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1 Highlights and key figures

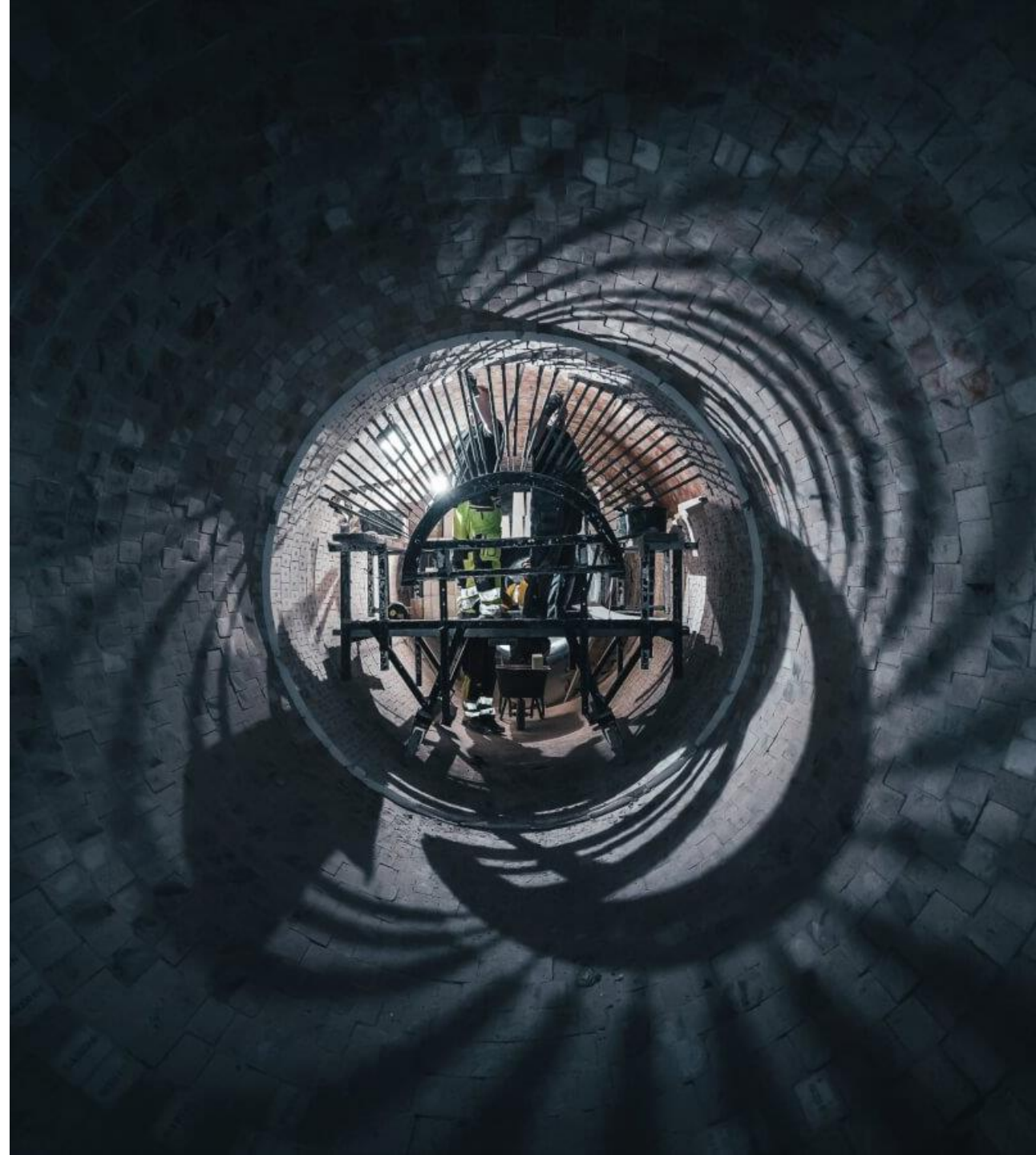
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Borgestad ASA is an industrial investment company focused on real estate and refractory, aiming to expand into niche segments in the future

Strategy

- Operate as a publicly listed investment company, currently focused on real estate and the refractory industry
- Strengthen existing investments through operational improvements
- Expand into niche segments with consolidation potential
- Leverage the networks and expertise of management and the Board to unlock new opportunities

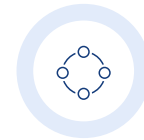
Key tools



The right team



Effective use of capital



Measure everything and develop KPI's



M&A

Our portfolio includes the shopping center Agora Bytom and the refractory company Höganäs Borgestad, both dominant in their respective markets



Real Estate

Agora Bytom shopping center in Poland is the largest investment of the Group, accounting for over half of the balance sheet. Agora Bytom is centrally located in the Silesian region of Poland and holds a strong market position in its primary catchment area

Gross area
52,000 m²

Parking spaces
820

BOR share
100%

Lettable area
33,600 m²

Annual visitors
4.9 million



Refractory

Höganäs Borgestad is a manufacturer and supplier of refractory quality products, installations and solutions that are essential for industrial high-temperature processes exceeding 1,200°C in various industries such as steel, cement, and aluminum

Refractory production since
1825

Presence
NOR, SWE, FIN

Employees
350+

BOR share
69.7%

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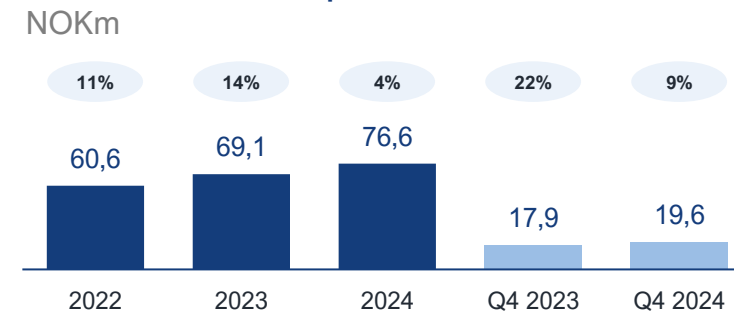
Agora Bytom delivers increased revenue and EBITDA



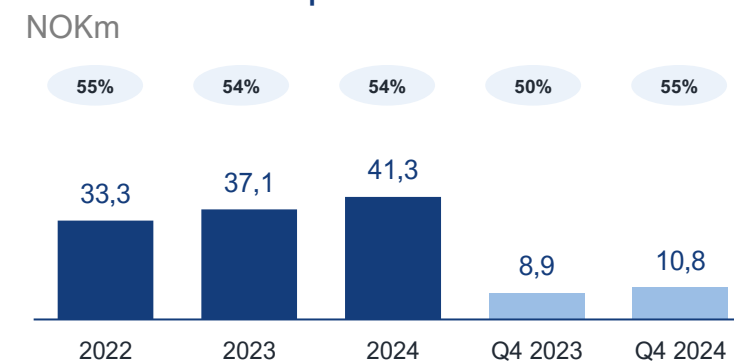
Latest trends and developments

- Agora Bytom maintains a strong local market position with a consistently high occupancy rate.
- Margin improvements through revenue growth and cost reductions increased EBITDA from MNOK 37.1 in 2023 to MNOK 41.3 in 2024.
- Additional cost-cutting measures implemented in 2024 will positively impact 2025 figures.
- Debt as of 31.12.24 stands at MEUR 29.4, with an LTV of ~47%, remaining at a sustainable level.
- Borgestad expects revenue and EBITDA to increase slightly in the years to come.
- The transaction market for shopping centers in Poland shows signs of reopening, with major prime transactions announced in October and December 2024

Revenue development



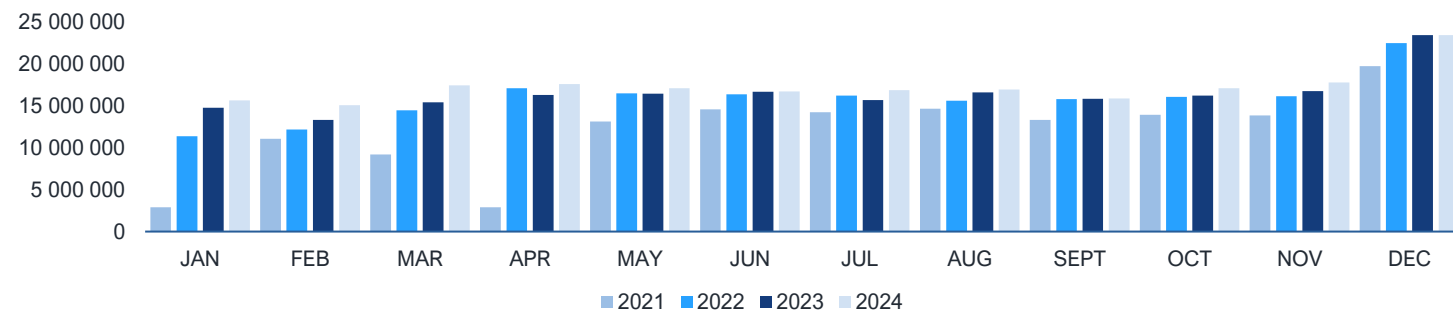
EBITDA development



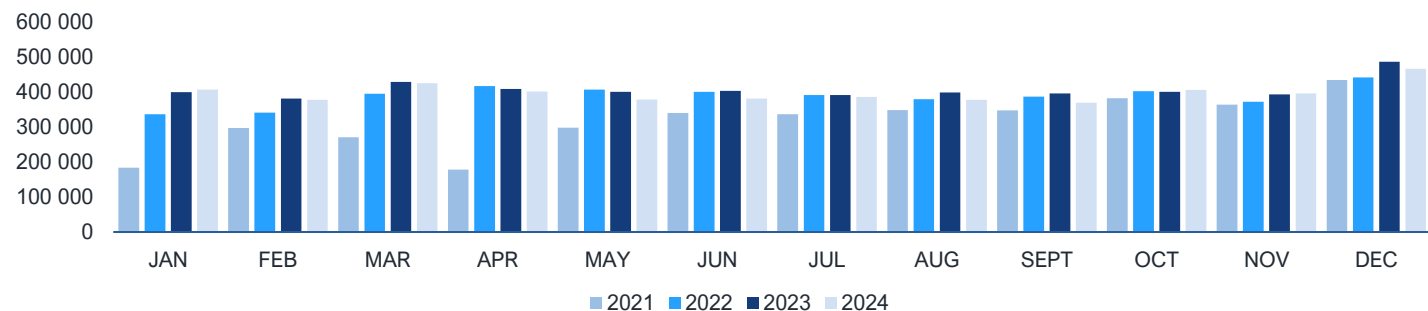
Continued improvement in retail sales and basket, and the Polish economy shows a positive trend

Retail sales (Agora Bytom's tenants' turnover 2021-2024)

PLN



Footfall (Agora Bytom's monthly footfall 2021-2024)



Comments

- Tenant turnover increased by 3.9% in Q4'24 compared to Q4'23.
- Agora Bytom recorded 4.9 million visitors in 2024, a slight decline of 0.1 million from 2023.

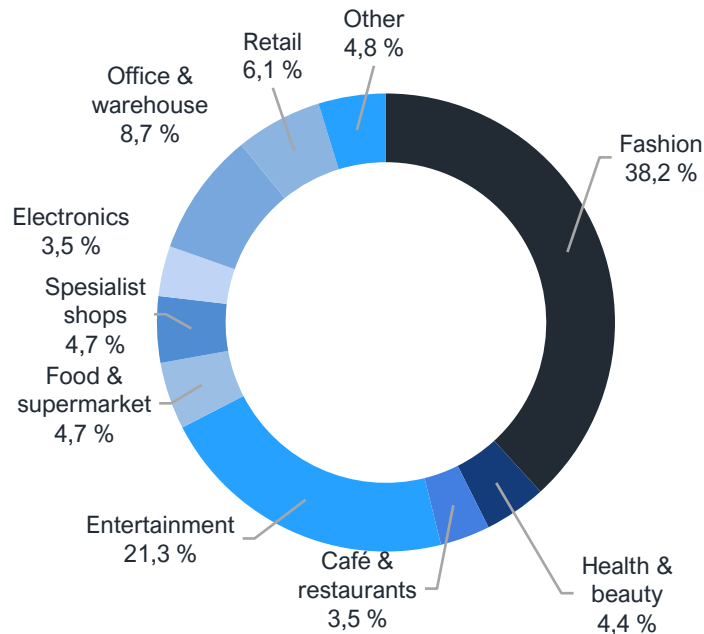
Macroeconomic environment

- Poland's reference interest rate remained at 5.75% as of December 2024, unchanged from the previous year.
- GDP grew by 2.7% YoY in September 2024.
- Registered unemployment stood at 5.0% in December 2024.
- Inflation eased to 4.7% YoY in December 2024, down from 6.2% in December 2023.
- Consumer confidence declined slightly to -16.7 points in December 2024, compared to -15.2 points in December 2023.

Agora Bytom has a diverse tenant base and a healthy weighted average unexpired lease term, ensuring low contract duration risk

Highly diversified tenant base

Lettable area per tenant



Comments



WAULT by area: 3.97 years



WAULT by income: 3.89 years



Due date for top ten tenants are spread, first due date in Q4 2025



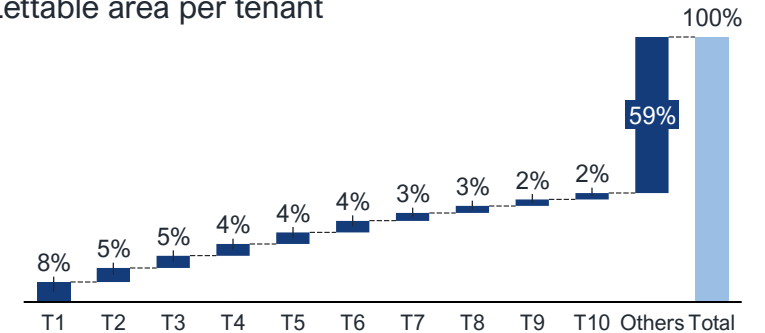
Several ongoing negotiations with potential new tenants



Two of the top ten tenants extended their leases in Q4'24 for 15 and 5 years, respectively

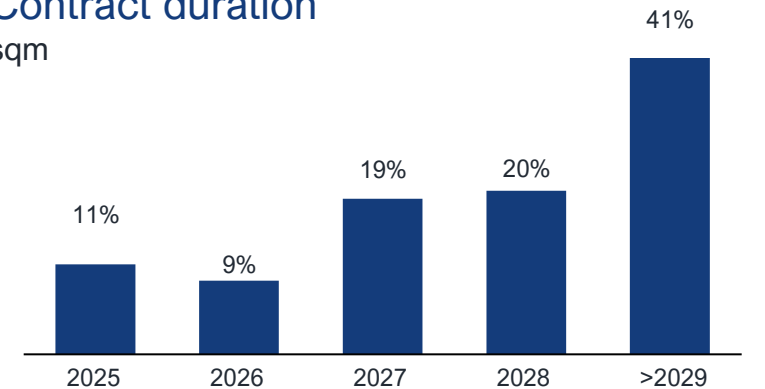
Highly diversified tenant base

Lettable area per tenant



Contract duration

sqm



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Höganäs Borgestad continues its positive development with record-high revenue and EBIT, and a healthy order backlog

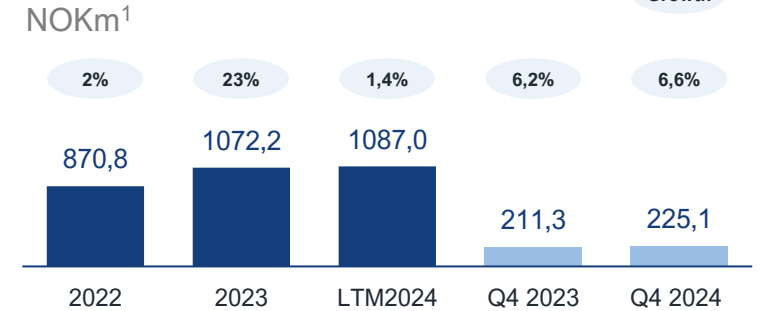


Höganäs Borgestad continues its positive momentum, delivering record-high revenue and EBIT for FY2024

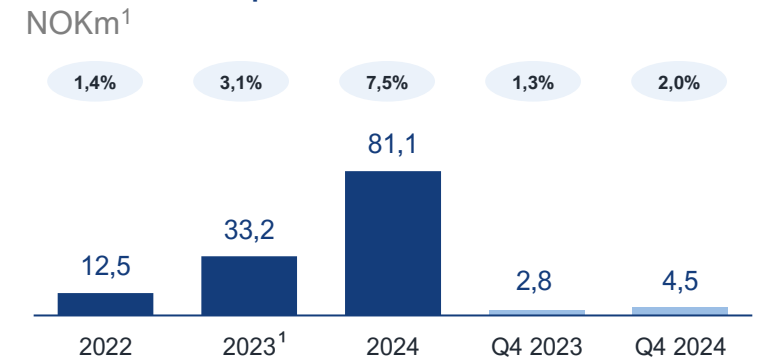
Latest trends and developments

- EBIT margin increased from 3.1%¹ in FY2023 to 7.5% in FY2024, driven by improved operational performance across all geographies and the exit from greenfield cremation projects
- Q4 performance remained strong considering the seasonal slowdown, reinforcing the positive development
- Order backlog for installation and service assignments is at a normal seasonal level, with a total backlog of MNOK 137
- The previously announced sale-leaseback transaction is still pending a complaint, but a decision is expected soon based on estimated processing time

Revenue development



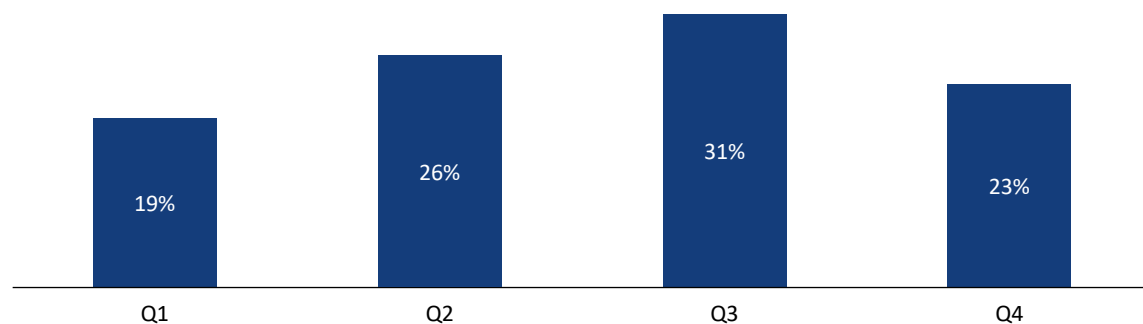
EBIT development



The Nordic refractory market is highly seasonal, but recent initiatives have boosted Höganäs Borgestad's low-season revenues and profits

Historical quarterly average revenue share (2021-2024)

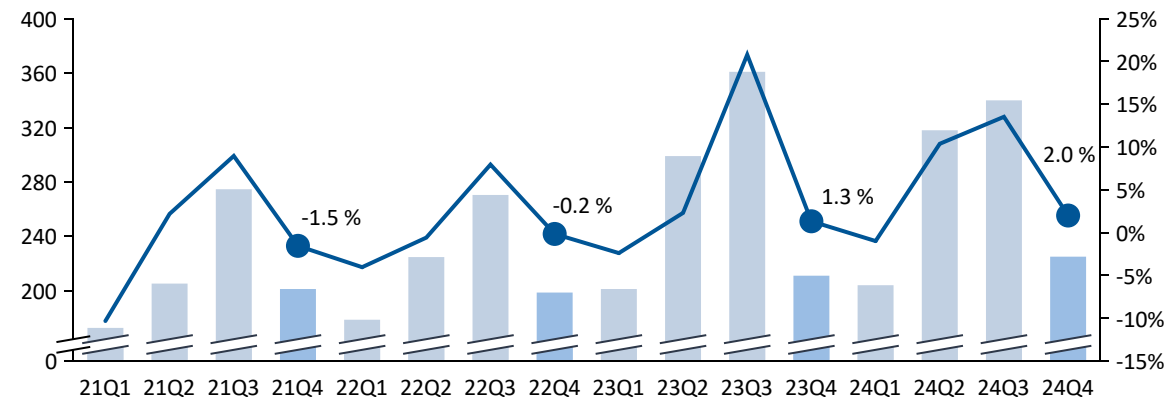
Revenue share (% of annual rev.)



Quarterly development of revenue and EBIT

Revenue (MNOK)

EBIT-MARGIN (%)

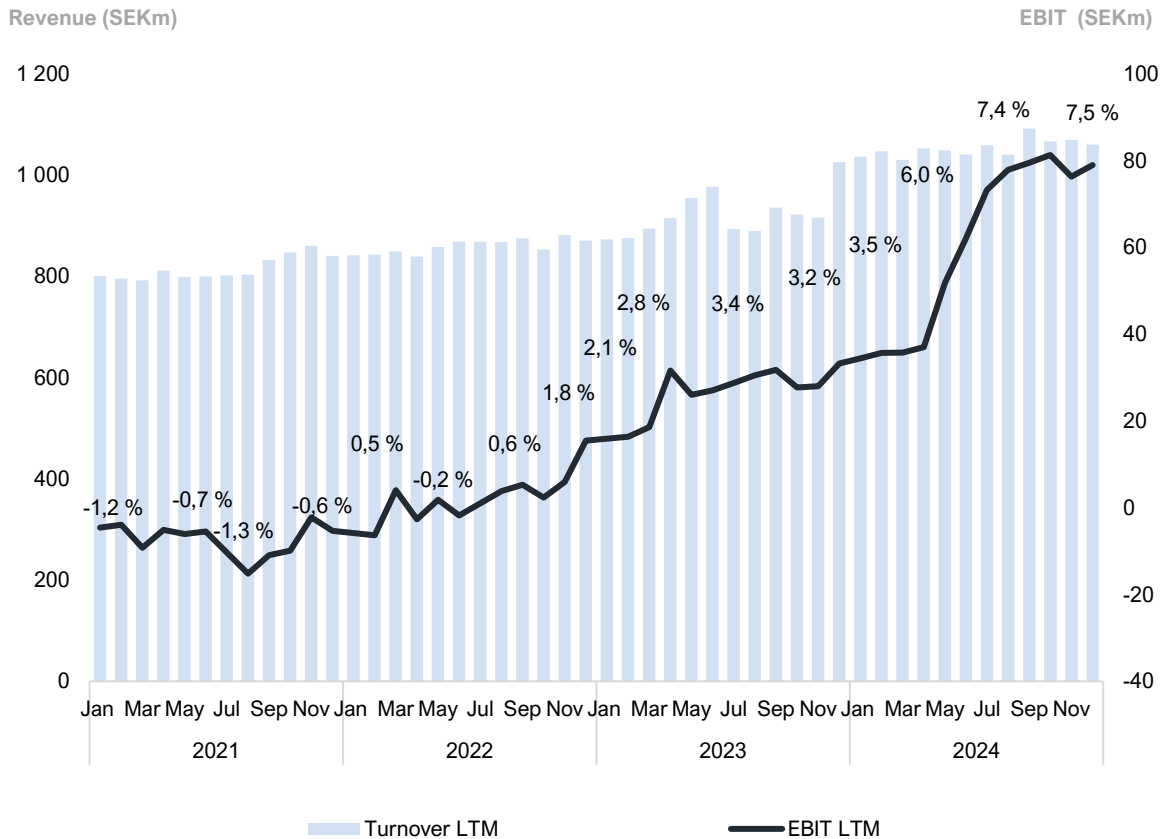


Comments

- The Nordic refractory market is highly seasonal, with low activity in Q1 and Q4 due to cold weather and peak demand in Q3 when customers schedule maintenance during the holiday season
- Seasonality is managed by using subcontractors and in-hired resources during peak periods, helping to control fixed operational costs
- Due to the seasonality, profitability remains lower in Q1 and Q4, making utilization a key focus
- In Q4 2024, Höganäs Borgestad successfully increased revenues during the low season through both projects and product sales
- These initiatives contributed to improved profitability, supporting the Group's continued positive development

Höganäs Borgestad continues its positive momentum with a solid Q4, emphasizing efficiency, utilization and profitability

LTM turnover and EBIT development



Comments

- Höganäs Borgestad continues its positive momentum with solid Q4, increasing both revenue and EBIT
- Structured efforts in Sweden, Finland, and Norway, focusing on high utilization during the low season and avoiding unprofitable projects, have driven the positive development
- With a good order backlog for 2025, the Group is well-positioned to maintain its positive development

Focus going forward

- Drive profitability and cash flow growth with a mid-term EBIT target of 10% or higher
- Optimize operational working capital to improve capital efficiency
- Enhance operations by strengthening cross-group cooperation and synergies

The previously announced sale-leaseback with Bjuv municipality is pending a court decision, expected soon



Backdrop

- In Q4 2023, Höganäs Borgestad agreed to sell two properties housing the Group's refractory production to Bjuv municipality, with an option to lease them back for up to five years
- A complaint alleging an excessive purchase price has delayed the transaction, pending review by the Administrative Court in Malmö
- The Administrative Court's estimated processing time is 12–14 months, with a decision expected soon
- Due to extended processing time, the long stop date was extended from December 31, 2024, to December 31, 2025

Status

- The Group is planning for future production following the relocation at the end of the leaseback period of up to five years
- Given the project's significance and the flexibility of the leaseback agreement, the Group will take the time necessary to develop the best possible production setup

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Strong financial performance in 2024 was driven by revenue growth and operational improvements in both business areas

Comments

- Revenue increased by 7.1% in Q4'24 and by 2.5% for the full year 2024.
- A gain of MNOK 5.5 was recognized in Q4'24 following the completion of the HQ sale.
- Adjusted EBITDA¹ increased by MNOK 58.0 from 2023, primarily driven by improvements in the refractory business.
- Net financials improved by MNOK 20.8 in 2024 compared to the previous year, mainly due to lower interest payments following a significant debt reduction.

(NOK 1 000) (Unaudited)	24Q4	23Q4	2024	2023
Revenue and other income	250 112	233 635	1 169 428	1 141 417
Materials, supplies and subcontracting	98 994	100 079	528 946	582 570
Salary and personnel expenses	99 257	88 772	394 855	347 108
Other expenses	29 474	25 195	106 558	84 262
EBITDA	22 386	19 590	139 069	127 478
Depreciation	7 145	10 681	34 733	31 750
Impairment of non-current assets	-	-	-	90 126
EBIT	15 241	8 909	104 336	5 601
Financial items				
Foreign currency gain/(loss)	815	4 058	1 386	6 362
Interest expenses	7 540	17 583	27 403	51 910
Other financial income/(expenses)	1 254	2 817	3 967	2 664
Net financial items	-5 471	-10 707	-22 051	-42 884
Profit before taxes	9 770	-1 799	82 286	-37 283
Income tax	5 880	11 414	20 521	26 309
Profit/(loss) for the period	3 891	-13 213	61 764	-63 592
Net other comprehensive income	-1 653	-7 832	4 560	14 832
Total comprehensive income for the periode	2 237	-21 045	66 325	-48 760

Notes: 1) Adjusted EBITDA adjusts positive contribution of the Arbitration Court case in 2023 and the gains from the HQ sale in 2024, reflecting the underlying operations.

Financial position remained stable, supported by increased property value, lower working capital, and reduced net debt

Comments

- The booked value of investment property increased due to a weaker NOK against the Euro.
- Working capital decreased to MNOK 197.0 from MNOK 239.3 as of December 31, 2023, mainly due to lower trade receivables from more efficient invoicing.
- Total interest-bearing debt stood at MNOK 447.9 (460.0) as of December 31, 2024, with net interest-bearing debt at MNOK 227.5 (307.3).
- The property in Bjuv remains classified as held for sale, pending soon expected court decision.

(NOK 1 000) (Unaudited)	31.12.24	31.12.23
Investment property	729,553	701,407
Land, buildings	12,502	17,890
Fixtures, machinery and vehicles	42,667	37,066
Right-of-use assets	35,751	28,499
Licences, trade marks and similar rights	26,032	33,902
Goodwill	90,082	90,108
Other financial assets	6,248	6,855
Deferred tax asset	8,941	13,734
Total non-current assets	951,777	929,461
Inventories	126,254	118,733
Trade receivables	139,214	184,567
Other receivables	9,771	7,763
Cash and cash equivalents	220,462	152,688
Total current assets	495,701	463,752
Non-current assets classified as held for sale	13,907	13,165
Total assets	1,461,385	1,406,378

(NOK 1 000) (Unaudited)	31.12.24	31.12.23
Total equity	809,032	755,842
Interest-bearing debt	343,600	335,742
Other non-current liabilities	10,713	-
Lease liability	24,730	27,453
Pension liabilities	5,813	6,369
Deferred tax	8,288	7,988
Total non-current liabilities	393,144	377,552
Interest-bearing debt	51,900	60,043
Lease liability	16,986	12,641
Bank overdraft	-	24,098
Trade payables	68,489	64,017
Tax payables	11,928	12,147
Public duties payable	28,991	27,560
Other short-term liabilities	80,917	72,479
Total current liabilities	259,209	272,984
Total equity and liabilities	1,461,385	1,406,378

Solid cash flow in 2024 strengthened liquidity, supporting the proposed ordinary dividend and reflecting the operational stability

Comments

- Net cash flow for 2024 was positive at MNOK 67.8, an improvement from MNOK 61.6¹ in the same period last year.
- Cash flow from investment activities of MNOK -16.1, out of which MNOK 13.2 were related to purchase of additional shares in Höganäs Borgestad Holding AB
- Available liquidity as of December 31, 2024, was MNOK 276.0 (MNOK 186.1), including MNOK 72.1 in undrawn credit facilities.
- Positive cash flow from Agora Bytom is allocated to debt amortization, in line with financial covenants, further strengthening the balance sheet.
- The Board of Directors will propose an ordinary dividend of NOK 0.80 per share for 2024 at the Annual General Meeting, totaling MNOK 28. Conditional of approval by the Annual General Meeting dividend will be distributed as repayment of paid-in capital.

(NOK 1 000) (Unaudited)	2024	2023 ¹
Cash flow from operating activities before balance changes	99,405	88,390
+/- Balance changes	46,622	78,523
Net cash flow from operating activities	146,027	166,913
Investment in fixed tangible and intangible assets	-8,144	-37,912
Investments in shares in subsidiaries	-13,169	-
Sale of fixed assets	5,253	1,328
Net cash flow from investing activities	-16,060	-36,584
Proceeds from issuing new shares	-	296,729
Repayment of borrowings	-17,161	-312,498
Net change bank overdraft	-24,098	-34,439
Payment of lease liabilities	-20,933	-18,492
Net cash flow from financial activities	-62,192	-68,700
Cash flow for the period	67,775	61,629
Cash and cash equivalent at beginning of period	152,687	91,059
Cash and cash equivalent at end of year	220,462	152,687

Notes: 1) Figures include cash flow from Arbitration Court case in 2023.

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Summary



Strengthened operations

- Borgestad ASA recorded a profit before tax of MNOK 9.8 in Q4 2024 and MNOK 82.3 for FY2024
- Höganäs Borgestad Group continued its positive momentum, achieving a record-high EBIT margin of 7.5 % and a solid order backlog for 2025.
- Agora Bytom reported an EBITDA of MNOK 41.3 in FY2024, up from MNOK 37.1 in FY2023 and MNOK 33.3 in FY2022.



Improved cash flow

- Operational cash flow in 2024 came in at MNOK 146.
- Cash flow from investment activities of MNOK -16.1, out of which MNOK 13.2 were related to purchase of shares in Höganäs Borgestad Holding AB.
- Cash flow from financial activities came in at negative MNOK 62.2



Strengthened balance sheet and liquidity

- Solid cash position of MNOK 220.5 as of 31.12.25
- Net interest-bearing debt at MNOK 227.5 on 31.12.25, compared to MNOK 307.3 the previous year
- Borgestad expects the sale-leaseback transaction, valued at MSEK 145, to be completed in 2025
- The Board of Directors will propose to the Annual General Meeting an ordinary dividend of NOK 0.80 per share for 2024



Outlook and priorities



Höganäs Borgestad remains focused on operational improvements, with expectations of further profitability, capital efficiency, and cash flow gains in 2025



Revenue and EBITDA for Agora Bytom are expected to increase slightly in the years ahead, with the impact of cost-cutting measures visible in the first half of 2025



Borgestad will continuously review strategic M&A opportunities and other liquidity events for Agora Bytom while also exploring add-on acquisitions to further strengthen Höganäs Borgestad's position in the Nordic refractory market



Alternative Performance Measures

In order to enhance investors' understanding of the Group's performance the Company presents in this Presentation certain alternative performance measures ("APMs") as defined by the European Securities and Markets Authority its Guidelines on Alternative Performance Measures 2015/1057. The APMs used by the Group, and relevant reconciliations, are set out in the Company's Q4 2024 financial statements on page 23-25.

Disclaimer

Certain statements in this presentation are forward-looking and reflect the Company's current views on future events, financial performance, and operations. These statements can be identified by terms such as "anticipates," "believes," "expects," "intends," "may," "plans," "will," and similar expressions, including negatives or variations thereof.

Forward-looking statements cover the Company's financial position, backlog, pipeline, operating results, liquidity, strategic initiatives, market expansion, and overall business development. They are not guarantees of future performance, and actual outcomes may differ materially due to various risks, uncertainties, and assumptions.

The Company cannot ensure that its expectations will materialize, as forward-looking statements are subject to known and unknown risks, changing circumstances, and external factors beyond its control.



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