BORGESTAD ASA

Annual report

2024

Contents

About Borgestad

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

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

Agora Bytom

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

Höganäs Borgestad

Höganäs equipment in high-temperature process 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.

Highlights and key figures

- 2024 was a transformational year for Borgestad, marked by continued positive operational development across the two business segments, refractory and real estate.
- Borgestad Group's profit before tax was MNOK 82.3 for 2024, up from MNOK -37.3 in 2023.
- Segment refractory achieved an EBIT margin of 7.5 percent, an improvement from adjusted* EBIT margin at 3.1 percent in 2023.
- Segment real estate increased EBITDA from MNOK 37.1 in 2023 to MNOK 41.3 in 2024, mainly due to cost cutting.
- Net interest-bearing debt reduced from MNOK 307.3 as of 31.12.23 to MNOK 216.8 as per 31.12.24.
- In light of the strong results, Borgestad's Board of Directors will propose to the Annual General Meeting an ordinary dividend of NOK 0.80 per share for 2024, a total dividend proposal of MNOK 28.

*Review Alternative performance measures (APMs) in the appendices Alternative performance measures at page 107-110.

Key figures

NOK 1 000	2024	2023	2022	2021
Income statement				
Revenue and other income	1 169 428	1 141 417	931 726	946 895
EBITDA	139 069	127 478	52 293	76 625
Depreciation & Impairment of non-current assets	34 733	121 876	123 142	33 305
Operating profit (EBIT)	104 336	5 601	-70 848	43 319
Profit before taxes	**82 285**	**-37 283**	**-124 320**	**-39 975**
Profit/(loss) for the year	61 764	-63 592	-126 109	-23 598
Profit				
Return on equity	11.2 %	-4.9 %	-51.7 %	-11.6 %
Return on total capital	7.6 %	1.0 %	-10.5 %	0.9 %
Liquidity				
Cash flow	67 775	61 629	42 722	-13 594
Liquidity ratio	191 %	170 %	132 %	65 %
Cash and cash equivalents	220 462	152 688	91 059	48 337
Available liquidity at end of period	276 026	186 086	85 501	103 366
Financial figures				
Equity ratio	55.3 %	53.7 %	34.6 %	23.7 %
Interest-bearing debt	437 215	459 976	779 816	899 599
Net interest-bearing debt	216 753	307 289	688 757	851 262
Key figures per share				
Profit per share	1.29	-0.23	-1.11	-1.89
Cash per share	6.29	0.45	0.81	3.80
Dividend paid per share	0.00	0.00	0.00	0.00
Dividend proposed per share	0.80	0.00	0.00	0.00

Alternative performance measures (APMs) are described in the appendices Alternative performance measures on page 107-110.

Board of Directors

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.

Rødland 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, BlueNord ASA 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 1,707,759 shares corresponding to 4.87 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, CFO and CEO 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, Avarn Security Group Holding AS and Western Norway University.

Kjølås controls 100,000 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's 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 1,217,994 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 10,462,736 shares corresponding to 29,84 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 large corporates division 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 5,750,000 shares corresponding to 16,40 percent in Borgestad ASA.

Management 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 138,241 shares corresponding to 0.39 percent in Borgestad ASA, and he has in 2025 been granted 42,742 Restricted Share Units.

Bendik Persch Andersen

Head of M&A, Investor Relations and Corporate Development

Persch Andersen holds a Master of Science in Industrial Economics from NTNU and the University of Queensland.

He has advisory experience from management consulting and corporate finance firm. Additionally, he has served as interim CFO and later as interim Director of Strategy at Elaway, Europe's largest charge point operator for EV charging in housing associations.

Andersen owns 57,000 shares (0.16%) in Borgestad ASA, and he has in 2025 been granted 15,289 Restricted Share Units.

CEO Letter

2024 was a transformational year for Borgestad, marked by continued positive operational development across our two business segments. The Borgestad Group reports a record-high EBIT for FY2024 and a record-low net interest-bearing debt of MNOK 216.8 as of December 31, 2024, underscoring our robust financial position. As a result, the board of directors will propose to the general assembly in May 2025 a dividend distribution of NOK 0.80 per share.

Looking ahead, Borgestad remains committed to delivering high and stable dividends to its shareholders. These dividends will be based on net operational cash flow and proceeds from asset or investment sales, while being carefully balanced with liquidity forecasts, financial health, and prospects for future investments.

Höganäs Borgestad experienced a strong positive trajectory in 2024, achieving a record-high EBIT margin, 7.5 percent, compared to the adjusted EBIT margin of 3.1 percent for 2023. Notably, Höganäs Borgestad reached its announced EBIT margin target for 2025 a full year ahead of schedule. While this marks significant progress, it remains substantial potential for further development and improvement in the medium term.

For Agora Bytom, 2024 has been a year of stabilization, optimization, and preparation for improved future results and cash flow. The local management has implemented cost-cutting measures and signed new leases, the effects of which will become visible in the financial figures during 2025 and beyond. Net positive cash flow from Agora Bytom will be utilized to repay debt, in line with bank covenants, and further strengthening the financial position of the group.

At the end of 2024, Agora Bytom's occupancy, based on signed leases and a total lettable area of 33,606 sqm., stood at 95.2 percent. In 2025, development efforts will continue with a focus on further increasing rent levels and EBITDA.

Borgestad remains focused on executing its strategy for both Höganäs Borgestad and Agora Bytom, which hold strong positions as market leaders in their respective regions. Ongoing efforts are concentrated on driving profitability and delivering improved results.

In summary, Borgestad is experiencing a solid underlying operational trend, and we expect this positive momentum to continue.

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 Stock Exchange. 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.

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.

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.

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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 94.9 per cent as of 31 December 2024. The company's equity appears in Note 10 in the parent company's accounts.

The Board has implemented guidelines for dividends which form the basis for proposals put forward to the General Meeting. It will be proposed to distribute a dividend of NOK 0.80 per share for the financial year 2024.

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 Stock Exchange messaging system and on the company's website. The company has guidelines for handling transactions with related parties and will exercise care in transactions between the company and shareholders.

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

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 receipt of 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.

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.

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 year. 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 5. It is a goal that the Board should have a balanced composition that considers 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.

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 2024, 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. The Board established in 2024 a compensation committee. The compensation committee consist of two board members.

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 2024, seven board meetings have been held in the company, compared to eleven meetings in 2023. Information about the various board members' attendance at meetings can be found in the minutes from each board meeting.

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. The Company received a final letter, dated August 29, 2024, from the Financial Supervisory Authority of Norway related to weaknesses and mistakes in connection with the 2023 financial reporting for third quarter. As a consequence of the process and errors the Board has reviewed and implemented improvements related to internal control and financial reporting within the Group to decrease the risk of errors and mistakes for future financial reporting. Reference is made to the Board of directors' report and Note 21 in the consolidated accounts on financial risk and mention of risk in the annual report.

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 5 in the consolidated accounts. Performance-based remuneration is not used. The board members have no option schemes and do not carry out special tasks for the company unless otherwise separately agreed. Additional board remuneration will be approved by the general meeting. Board members are encouraged to own shares in the company.

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 80 percent of yearly basic salary. Reference is made to Note 5 in the consolidated accounts.

13. Information and communication

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

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.

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 Hilde Knudsen, 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 5 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 2024

Borgestad ASA is an investment company headquartered at Lysaker, Norway, with a focused portfolio in two core sectors: real estate and refractory solutions.

The Group's key assets are the Agora Bytom shopping mall and the refractory production and installation company Höganäs Borgestad, both of which play a crucial role in the group's overall performance. Real estate represents the largest segment by asset value, while the refractory industry drives the highest revenue.

Refractory

Höganäs Borgestad manufactures and supplies high-quality refractory products, systems, and installation services, essential for industrial processes exceeding 1,200°C in industries such as steel, cement, and aluminium. Refractory materials, available in various forms depending on their application, are designed to withstand extreme temperatures and protect industrial equipment. They play a critical role in safeguarding production processes and contribute significantly to energy efficiency.

Real estate

Agora Bytom shopping center in Poland is the Group's largest investment, accounting for more than half of its total asset values. The center features a gross area of 52,000 sqm, with more than 30,000 sqm dedicated to rental space. It also includes a parking garage with 820 spaces, conveniently connected to the main facility. Centrally located in the Silesian region, Agora Bytom holds a strong market position within its primary catchment area. The center hosts a diverse range of tenants, including major international chains and prominent Polish rands, along with eight cinema halls, a fitness center, and an extensive selection of cafés.

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.

Financial highlights

Profit and loss statement

2024 was a transformational year for Borgestad Group with material operational development in the refractory segment, Höganäs Borgestad group, and further improvements for Agora Bytom. Borgestad has shown positive developments in revenue and EBITDA in 2024. Both the real estate and refractory segments increased their revenue and improved EBITDA compared to 2023.

Borgestad had a total revenue and other income in 2024 of MNOK 1,169.4, up from MNOK 1,141.4 in 2023. The Group achieved an EBITDA of MNOK 139.1 in 2024 compared to an EBITDA of MNOK 127.5 and an adjusted EBITDA of MNOK 81.1 in 2023. Result before tax for 2024 was positive with MNOK 82.3, compared to a loss of MNOK 37.3 in 2023. The group had a write-down of MNOK 90.1 in 2023, which relates to the property value of the Agora Bytom shopping centre. During the financial year of 2024, Management has not identified indicators of impairment for Agora Bytom.

For the refractory segment, improved underlying operations are the reason for the improvement. The refractory segment has increased revenue with 1.4 percent while adjusted EBITDA are improved with MNOK 50.6 in 2024 compared to 2023. The refractory segment achieved an EBIT margin of 7.5 percent, compared to an adjusted EBIT margin for 2023 at 3.1 percent. The material improvement is primarily driven by stronger operational performance in installation projects in Sweden and Finland, increased sales in the Norwegian market, and the announced exit from greenfield projects related to cremation.

For the real estate segment an increase of 10.8 percent in revenue was achieved from 2023 to 2024. Agora Bytom has focused on cost cutting to improve profitability and as a result EBITDA increased from MNOK 37.1 in 2023 to MNOK 41.3 in 2024.

Balance sheet and financial risk

At the end of 2024, Borgestad Group had a sustainable balance sheet both in terms of debt level and liquidity reserve.

At the balance sheet date, the available liquidity was MNOK 220.5 and interest-bearing debt of MNOK 437.2. The net interest-bearing debt was MNOK 216.8, compared to MNOK 307.3 as per 31. December 2023.

NOK 1 000	2024	2023
Operating income	1 169	1 141
EBITDA	139	127
Depreciation & Impairment of non-current assets	35	126
Operating profit (EBIT)	104	1
Profit before tax	82	-37

NOK 1 000	31.12.2024	31.12.2023
Cash	220	153
Available liquidity at end of period	276	186
IBD	437	460
NIBD	217	307
NIBD/EBITDA	1,6	2,4
Equity ratio	55 %	54 %

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 2024. The book value of assets held for sale was MNOK 13.9, and the related mortgage debt was MNOK 44.2. 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 MSEK 145 and the purchase price will be approximately MSEK 141.2 after adjustment for stamp duty. The purchase price shall be settled with cash in three instalments; 60 percent will be payable upon completion of the transaction, 20 percent will be payable 12 months after completion, and the remaining 20 percent will be payable 24 months after completion.

The 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 Administrative Court in Malmö (the "Administrative Court") has processed the complaint. According to the Administrative Court, Bjuv municipality has not provided sufficient documentation regarding the valuation of the two properties. As a result, the Administrative Court has decided to revoke Bjuv municipality's approval of the Transaction.

Bjuv municipality has in March 2025 appealed the Administrative Court's ruling.

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.

It is currently unknown when and if the appeal will be processed by the Court of Appeal, and it cannot be ruled out when a decision will be reached. If the Court of Appeal rules in favour of the claimant, the transaction cannot be completed.

Conditional of completion of the sale leaseback transaction is an additional reduction of the interest-bearing debt, with MNOK 44.0.

Several 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 centre'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. Höganäs Borgestad group had mortgage debt of MNOK 53.0 as of December 31, 2024, of which MNOK 44.0 falls due end of June 2025 towards Nordea Bank ASA. The Board of directors review the refinancing risk as low and management has agreed with Nordea that discussion related to refinancing will be completed during first half of 2025. The board and Group management have the understanding that the Group's liquidity is strong and that the Group is in a good position to service the debt within the Group as it falls due.

In the board of directors and managements view the company has per December 31, 2024 a sustainable balance sheet and cash position and is fully financed.

Borgestad ASA has entered into a liability insurance for the board and management with a liability limit of MNOK 25. 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 MNOK 149.3, compared to MNOK 166.9 in 2023.

Cash flow from investing activities was negative MNOK 19.3, compared to negative MNOK 36.6 in 2023, and cash flow from financial activities was negative with MNOK 62.2, compared to MNOK 68.7 in 2023. As a result, the cash flow for 2024 was positive at MNOK 67.8, compared to MNOK 61.6 in the previous year.

The available liquidity as of December 31, 2024 was MNOK 276.0, up from MNOK 186.1 in 2023. As of December 31, 2024, the Group boasts a sustainable balance sheet, a strong cash position, and is fully financed.

The company's R&D activity takes place under the auspices of Höganäs Borgestad AB and ended at MNOK 7.0 and MNOK 6.6 in 2024 and 2023 respectively.

Conditions for going concern
In accordance with § 2–2 (8) of the Norwegian Accounting Act, the annual report, the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption. The Company confirms that it is appropriate to make that assumption. 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 positive result after tax costs of MNOK 39.2 in 2024 compared to a negative result of MNOK 106.4 in 2023. The positive result for Borgestad ASA is mainly due a received Group contributions from Borgestad Properties AS of MNOK 30.0, sale of Gunnar Knudsens veg 144 with a gain of MNOK 5.5 and sale of shares in Höganäs Borgestad Holding AB to the Group company Borgestad Industries AB with a gain of MNOK 4.1, in addition to decrease of interest expenses and increase in interest income.

The material change in profit before tax for Borgestad ASA from 2023 to 2024 is due to the write down of the property value in Agora Bytom in 2023 due to high increased interest rates. The write down impacted the equity in Borgestad Properties AS and resulted in a write down of the value in shares in Borgestad Properties AS in 2023.

The company's equity as of December 31, 2024, was MNOK 687.6 compared to MNOK 676.7 in 2023.

As of December 31, 2024, Borgestad ASA boasts a sustainable balance sheet, a strong cash position, and is fully financed. Due to the strong overall position for Borgestad ASA, the Board of Directors will propose to the Annual General Meeting that a dividend of NOK 0.80 per share is distributed for 2024. Conditional of approval by the Annual General Meeting dividend will be distributed as repayment of paid-in capital.

The profit of NOK 52,572,000 will be allocated as follows:

- Proposed dividend NOK 28,050,000
- Transfer to other equity NOK 11,194,000

Outlook
The Board of Directors expects the Group to deliver improved underlying results and cash flow going forward, with continued positive margin development for both the refractory and property segment over time. The expected underlying improvement of Borgestad's operations might not be a straight line as seasonality, cyclical swings, one-off events, and variation in projects flow might affect short term profitability.

The Board of Directors has as everyone else recognized the uncertainty in the global world, with several ongoing wars and potential trade wars between countries and regions. For Borgestad the direct consequence of potential trade wars are considered minor, but the indirect consequence can be that especially the customers of Höganäs Borgestad Group will have difficulties of selling their products due to lower consumption and higher cost for raw materials. This effect can lead to lower demand for refractory products, service and installation. The Board of Directors and management are analyzing the changes from time to time and will implement necessary measures if needed.

The Board of Directors want to thank and show our gratitude to all employees, customers and stakeholders contributing to the company's improving performance and results.

Sustainability statement

Borgestad considers sustainability an integrated part of its strategy to achieve long-term profit and market positioning. The Company aims to reduce sustainability-related risks and pursue opportunities through the reduction of its carbon footprint, increased resource efficiency, production of more environmentally friendly products, effective stakeholder dialogue and increased knowledge about its impacts.

The sustainability statement presents information regarding Borgestad's overall sustainability governance as well as each material topic across the environmental, social and governance dimensions, including key performance indicators.

Basis for preparation

Borgestad's sustainability statement for 2024 has been prepared according to the basic and comprehensive modules of EFRAG's voluntary reporting standard for non-listed SMEs (VSME) and the Norwegian Accounting Act. At the time of writing, it is unclear whether Borgestad will fall within the scope of CSRD. While the Company was originally set to be required to report under CSRD for the financial year 2025, the European Commission has now submitted proposals which, if approved, would delay or remove Borgestad's obligation to comply with CSRD. Borgestad is nonetheless committed to high-quality sustainability reporting and has therefore chosen to follow VSME in this report.

Borgestad has conducted sustainability work exceeding the requirements in VSME, such as a double materiality assessment and a climate risk assessment, as well as an ongoing nature risk assessment. This report therefore incorporates these assessments as deemed appropriate. Notably, the VSME disclosure requirements relating to water and remuneration have been omitted as these topics were found not to be material in the double materiality assessment. Certain parts of this report have been expanded beyond the scope of VSME where this has been deemed relevant. In such cases, the reporting is inspired by relevant disclosure requirements in the European Sustainability Reporting Standards (ESRS). In particular, this is the case for governance, strategy and the materiality assessment in ESRS 2 and the topics climate change, resource use and circular economy, own workforce and workers in the value chain. This report applies the time horizons defined in ESRS, where short-term refers to the reporting period, medium-term refers to between one and five years and long-term refers to more than five years.

The sustainability report has been prepared on the same consolidated basis as the financial statements. The list of all entities included in the reporting is available in the appendix.

Disclosures required by the Norwegian Transparency Act 2021 will be published on Borgestad's web page by end of June 2025.

Governance

The board

The Board of Directors is the overall management and supervisory body in Borgestad. Key responsibilities include ensuring long-term sustainable growth, risk management and internal controls, developing and implementing the Company's strategy, monitoring results, and protecting and strengthening the Borgestad brand. The board has the ultimate responsibility for sustainability-related reporting in accordance with current legislation, and handles sustainability-related impacts, risks and opportunities in strategy, business, and risk management.

The Board of Directors consists of five members, three men and two women. The board's skills and expertise to oversee sustainability matters is developed through coursing and experience. Two of the members of the board have undertaken the Norwegian Institute of Public Accountants' Academy for Sustainability Reporting. Several board members also serve in boards of listed companies, providing them with general experience on handling sustainability matters from a board perspective.

Audit committee

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 consists of three of the members of the Board of Directors, including two women.

The Audit committees play a crucial role in promoting good corporate governance, through their involvement in risk assessments, internal control, corporate reporting and the audit process. The audit committee reviews significant financial reporting issues and judgements made in connection with the preparation of the company's financial statements, interim reports, preliminary announcements and related formal statements, including sustainability reporting.

Remuneration committee

The Board has established a Remuneration Committee which is responsible for salaries and other forms of compensation for the company's executives, including the CEO and the senior management team. The Remuneration Committee consists of two of the members of the Board of Directors.

Management group

The management group is responsible for managing the Company's day-to-day operations and implement business plans in the overall strategy developed by the board. The group manages matters affecting the Company such as monitoring operating and financial results, budgets, new business proposals, marketing, technology development recruitment and retention of employees, salary and remuneration, prioritisation and allocation of resources, and investment and management of the Company's risk profile. The management group is also responsible for implementing decisions made by the board. The management group consists of 9 members, two of which are women.

The CEO of Borgestad ASA leads the management group and is the highest responsible for sustainability-related matters under the Board of Directors.

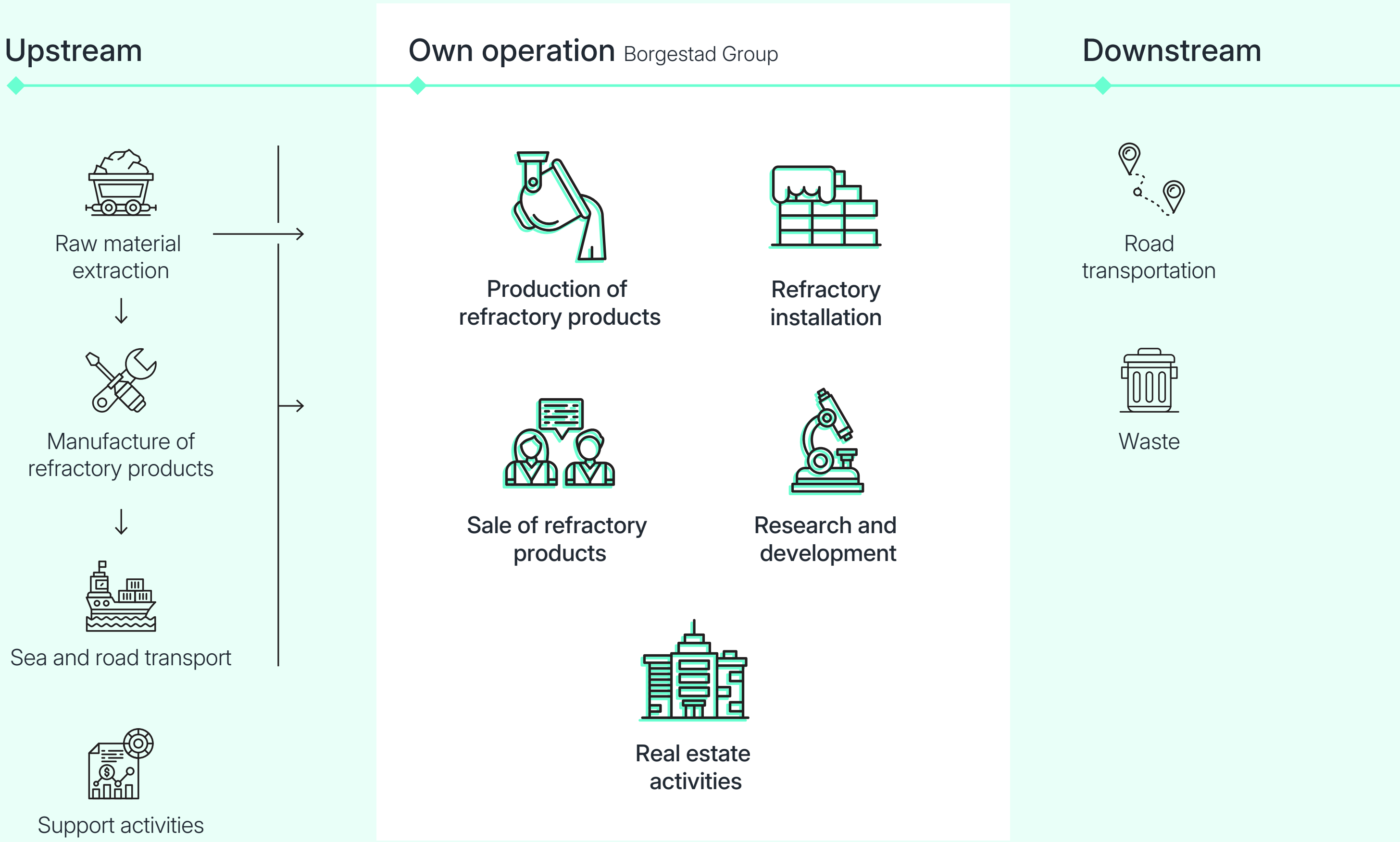
Strategy: Business Model and Sustainability

Borgestad is an investment Company that 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 across the Nordic countries.

The Company strategy is to deliver effective high-temperature solutions that enhance customer productivity and competitiveness in key industries in the Nordics and position itself with high quality products that plays an important part in reducing end users' energy consumption, while strengthening market presence, enhancing profitability, and optimising operational efficiency.

The value chain includes mining and extraction of raw materials such as bauxite, andalusite and chamotte, manufacturing of refractory traded goods, road and sea transportation, support functions such as maintenance, cleaning and IT, refractory production, installations and repairs, real estate activities and waste management. Borgestad is a small player in the refractory industry globally and does not own or operate any of the mining and quarrying sites where raw materials are sourced. However, Borgestad acknowledges that many of the impacts and risks for the Company are related to its upstream refractory value chain.

Value chain



Interests and views of stake-holders

The objective of Borgestad's stakeholder dialogue is to map the direct and indirect impact the Company has on the stakeholder group or other sustainability-related areas that the stakeholders have particular knowledge about, whether it be climate, nature, customers or suppliers. Borgestad also wants to map the risks and opportunities internal and external stakeholders believe are material for Borgestad to manage.

Borgestad's stakeholder groups are employees, customers, suppliers, workers in the value chain, local communities, nature, loan providers, investors, and the board. The Company engages with its stakeholders through several different channels such as worker representatives, employee satisfaction surveys, supplier due diligence assessments, project collaborations, and meetings.

In 2023 and 2024, Borgestad conducted a series of interviews with key stakeholders. Proxy stakeholder reports were reviewed to gain insight into the views and conditions of local communities, workers in the value chain, and nature as Borgestad did not engage with these groups directly. The insights gained from stakeholder engagement provided input for the double materiality assessment.

Impact, risk and opportunity management

During 2024 and the beginning of 2025, Borgestad conducted a double materiality assessment following EFRAG's guidelines to identify impacts, risks and opportunities (IROs). To operationalise the work to map material IROs for the Company, Borgestad has used the following four-step process:

1. Understand

To understand, a mapping of Borgestad's activities, operations and business context was conducted. This entailed a value chain description and identification of stakeholders. The insights from this first step defined the scope of the analysis. Through these initial mappings, Borgestad got an increased understanding of its activities and operations that are important to assess regarding actual or potential impacts on climate, environment, social or governance related topics.

2. Identify

To identify, Borgestad mapped concrete IROs related to climate and environment, social and governance topics. The goal of this step was to reach a long-list of IROs which indicate how these originate from Borgestad's own operations and business relationships.

Borgestad engaged stakeholders and performed internal and external interviews. 13 stakeholders where interviewed, of which eleven internal spanning the board, management, procurement and own employees. Additionally, one client and one bank, with which Borgestad has a professional relationship, were interviewed. The interviews were structured around questions regarding the stakeholders' perception of how Borgestad creates ESG-related positive and negative impacts, risks and opportunities through its products and services. The interviews were adjusted according to each stakeholder, and they provided perspectives from directly affected parties such as own employees.

In addition to stakeholder dialogue, Borgestad has examined internal policies and reports, as well as conducted media searches and benchmarking exercises.

3. Assess

The third step of the DMA entailed assessing the materiality of the identified IROs through a scoring system. The goal of this step was to prioritise IROs and conclude on a shortlist illustrating Borgestad's most material IROs across climate and environment, social and governance topics. This work followed the EFRAG recommendations and assessed impact materiality through severity and likelihood, and financial materiality through magnitude of financial effects and likelihood. Borgestad considered a five-point scale to assess each relevant parameter for each IRO. Specific assessments of potentially negative impacts on human rights have been conducted to ensure that severity takes precedence over likelihood in such cases.

In the process of prioritising material IROs, multiple workshops with the project group have been conducted to secure commitment to assessments and adjust quantitative scoring where necessary. After the workshops, an overall qualitative assessment of the preliminary shortlist was conducted to ensure that the list gave a reasonable image of Borgestad's business.

4. Validate

The fourth and final step entailed validating the results from the DMA. This included a final decision on threshold values concluding that IROs with a materiality score of 3.2 or above would be considered material. The final list of material IROs was approved by Borgestad's board.

Borgestad has followed the four-step process as described above in its DMA across all sustainability topics. Additionally, a climate risk analysis has been conducted through two climate scenarios, and a nature risk analysis process has been initiated. Annual revisions of the DMA are planned to ensure it stays up to date with the Company's current context, and the IROs will inform Company strategy and ambitions.

Environmental information

Climate Change

Reducing GHG emissions in own operations and in the value chain is a central aspect of Borgestad's strategy and is why the Company continuously seeks energy efficient solutions and explores new and innovative ways of producing refractory products. However, as the results of the double materiality assessment shows, Borgestad has material impacts on climate change as a result of its direct and indirect operations.

To further investigate the risks and opportunities related to physical climate change and societal transition, Borgestad has conducted a climate risk assessment. The assessment included Borgestad's own operations, and upstream and downstream value chain. Important locations in the value chain are related to Borgestad's own locations, important transportation routes and raw material sourcing sites. As Borgestad and the suppliers the Company purchases traded refractory goods from are reliant on a few raw material suppliers that dominate the global market, looking into the upstream value chain for raw material production was particularly important.

Before identifying potential physical and transition risks and opportunities, two scenarios were developed. Borgestad decided on the two scenarios from IPCC AR6. SSP1-2.6 Sustainable development was used as the low emission scenario and SSP3-7.0 Regional rivalry as the high emission scenario. The world is already at almost 1.5°C compared to pre-industrial levels. Remaining below 1.5°C warming is becoming more and more unrealistic, and therefore using the Sustainable development (SSP1-2.6) scenario as a low emissions scenario is most realistic to Borgestad. After several years of a global pandemic, the war in Ukraine, and an ongoing trade war, Borgestad see a world where global cooperation is threatened. This makes the scenario of Regional rivalry (SSP3-7.0) more and more relevant and Borgestad therefore decided on this as the high emission scenario.

To identify potential climate-related physical and transition risks and opportunities, a benchmark and desktop research was conducted, guided by the Task Force on Climate-Related Financial Disclosures' (TCFD) framework. Further, Borgestad used the system solution Climcycle to screen physical climate risks over the short-, medium- and long-term time horizons for assets and business activities. Climcycle used the data sources proposed in the EU Taxonomy regulations to assess site-specific physical climate risks.

When the long-list of climate-related risks and opportunities was finalised, workshops were conducted to get detailed understanding of the consequences of the risks and opportunities to Borgestad, and to assess their likelihood and overall expected financial magnitude in a short-, medium- and long-term time horizon. The likelihood was scored as low, medium or high and the financial magnitude was scored as low (1-3% EBITDA), medium (3-6% EBITDA) or high (more than 6% EBITDA).

The results of the climate risk assessment show that Borgestad is vulnerable to both physical climate changes and transition risks in its upstream value chain and own operations, and that there are opportunities related to energy sources.

Impact	Description	Value chain location	Time horizon
Actual negative impact	Direct emissions from natural gas combustion, heating, and vehicles and machinery in production.	Own operations	Short, medium and long
	Indirect emissions from electricity and district heating.	Own operations	Short, medium and long
	Indirect emissions from mining, transportation and production of refractory traded goods.	Upstream	Short, medium and long
	Non-renewable energy consumption from natural gas in Bjuv.	Upstream and own operations	Short, medium and long
Potential positive impact	By supplying high-quality refractory products, Borgestad can help improve customers' energy efficiency.	Downstream	Short, medium and long

Risk or opportunity	Description	Value chain location	Time horizon
Physical risk	Heat stress can lead to water shortage and adverse working conditions causing delays in extraction of raw materials, potentially increasing raw material prices.	Upstream	Medium and long
	Heavy rain can cause production disruptions at mining sites potentially increasing raw material prices, and cause production disruptions and/or damages to assets in the Bjuv factory.	Upstream and own operations	Medium and long
	Low water levels in critical areas of transportation routes can increase transportation costs and lead times.	Upstream	Long
Transition risk	Carbon pricing mechanisms such as EU ETS and CBAM can increase operational costs and cost of purchased goods and services.	Upstream and own operations	Medium and long
	Increased demand for critical raw materials due to the clean energy transition can increase prices.	Upstream	Long
Opportunity	Installation of solar panels at Agora Bytom can make the mall energy self-sufficient	Own operations	Long

Policies related to climate change mitigation and adaptation

Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address climate change indirectly through a general commitment to protect the environment and reduce negative impacts. Höganäs Borgestad's environmental policy further states that the Company continuously works with increasing resource efficiency and improving energy efficiency.

The Transparency Act statement states that negative environmental impacts shall be reduced in Borgestad's own operations and throughout the value chain, and actions shall be implemented to minimise 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 in Skien is also certified as an Eco-Lighthouse.

Practices related to climate change mitigation and adaptation

Borgestad does not have a transition plan for climate change mitigation, however, the Company has and will continue to implement several actions to reduce impacts, mitigate risks and seize opportunities. This primarily relates to Borgestad's own operations, with a focus on energy management at the refractory plant in Bjuv in the short-term and the construction of a new and more advanced plant in the medium-term. These efforts will contribute to reducing Borgestad's negative climate impacts. Additionally, Borgestad is considering measures to mitigate risks which were identified through the climate risk assessment.

Energy management plan in Bjuv

Höganäs Borgestad has developed an energy management plan intended to identify actions to increase energy efficiency at its refractory plant in Bjuv over the period from 2023 to 2026. Through the energy management plan, Höganäs Borgestad has switched to a new compressor, updated the service vehicle policy to allow for use of electric and hybrid vehicles, updating purchasing routines to include environmental requirements and updated shutdown routines for press and crush. Additionally, Borgestad has commenced a switch to LED lighting which will continue gradually as old lighting is phased out. Borgestad also participates in a local energy network for businesses in Skåne, Sweden.

Risk mitigation

As the climate risk assessment indicated, Borgestad is exposed to both physical and transitional climate risks. The Company will mitigate such risks through already planned actions such as building a new energy efficient factory in Sweden and increasing the rate of recycled raw materials in refractory products. Borgestad will further explore other risk mitigating measures such as diversifying the supplier base, increasing storage for slower moving products, switching to alternative materials in refractory products, and establish access to credible embedded emissions data for Borgestad's CBAM goods. The cement Borgestad purchases is covered by CBAM, with potentially more goods being subject to CBAM in coming years. It is therefore crucial that the Company collects credible emissions data.

Targets related to climate mitigation and adaptation

Borgestad has not yet implemented an overarching scienced-based emission reduction target and is not excluded from any EU reference benchmarks that are aligned with the Paris Agreement. However, Höganäs Borgestad has developed a set of targets related to its energy management plan. These targets are summarised in the table above.

Target	Target year	Indicator
75% of purchased freight transport to customers must be environmentally classified (EURO 5,6)	2025	Share of purchased freight transport to customers (%)
50% of purchased freight transport from suppliers must be environmentally classified (EURO 5,6)	2025	Share of purchased freight transport from suppliers (%)
Höganäs Borgestad must create the conditions for interested employees to participate and contribute to the work of reducing energy use per ton of material produced each year compared to the previous year.	2023-2026	1. Share of personnel in Bjuv who have undergone internal energy efficiency training (%) 2. Share of personnel in Bjuv who have undergone internal energy efficiency training (%)

Greenhouse gas emissions

For the 2024 climate account, Borgestad has used the SaaS platform Morescope to calculate emissions. The input data was a combination of primary data in the form of activity data and transaction data retrieved through group accounting systems. The tool enables the calculation of transaction-based emissions using an environmentally-extended multi-regional input-output model (EE-MRIO) which estimates emissions resulting from the production and upstream supply chain activities of different sectors and products based on their geographical location. EEIO models are derived by allocating direct sectoral GHG emissions and relate these to the output level in the sector (sectorial intensities or sectoral scope 1 emissions). All sectoral intensities are further interlinked with material and service input and output relations of all sectors in the world. By combining this model with Company business data, the platform provides estimated cradle-to-gate GHG emissions. For the emission activities Borgestad retrieved activity data, the platform ensures that the GHG emissions are captured either with activity data or by the transaction-based method, meaning double counting will not occur.

The consolidation of greenhouse gas (GHG) emissions data is based on the financial consolidation approach and stated in accordance with the GHG Protocol: direct emissions from owned and leased assets (scope 1), indirect emissions from purchased electricity and district heating (scope 2), and value chain emissions (scope 3). The climate account includes all gases covered by the Kyoto Protocol.

GHG emissions are calculated using conversion factors. Primary schemes used for activity- based calculations are Defra (2024), EPA (2024), NVE (2023) and Nowtricity (2024). For transaction-based calculations the platform uses large publicly available datasets from OECD.

Total emissions are reduced by almost 66% from 2023 to 2024. The primary reasons for this change is improved data quality and that for the 2023 climate accounting Borgestad included total emissions for its largest supplier in purchased goods and services in scope 3, rather than the emissions allocated to the products purchased by Borgestad. This means that the reported emissions in this category were too high last year.

For scope 1 and 2 there has been a 122% increase in emissions from 2023 to 2024. There are several reasons for this increase:

- Total energy consumption for Agora Bytom is accounted for in scope 2, rather than having tenants' energy consumption in the category downstream leased assets in scope 3 as in 2023. The reason for this change is that Borgestad used an operational control approach for its climate account in 2023 while a financial control approach matching Borgestad's financial accounting is used for the 2024 climate account. Further, in 2023 for Agora Bytom, only parts of the tenants' energy consumption was included in the climate account, while total energy consumption for the shopping centre is included for this year.

- The emission factors used in 2023 and 2024 are not a complete match. In 2023, Borgestad had to use emission factors that were publicly available, while for 2024 the Morescope platform provides more correct emission factors related to Borgestad activities and locations.
- For 2024, all Borgestad's locations are included in the climate account and there is an overall improvement in data quality.
- The emissions covered by EU ETS have increased from 2023 to 2024 even though the natural gas consumption has been stable. The reason for this is that the main furnace in Bjuv is operating in periods and no longer operate continuously which increase the need for planning. As the products that are dried have different sizes and shapes and the laden of the furnace varies with the product mix, it contributes to the consumption of gas per ton produced material will vary.

Scope 1 and 2

Emissions in scope 1 originate from fuel consumption in Company cars, trucks and lorries and stationary combustion of natural gas and LPG for production purposes. Emissions in scope 2 originate from electricity and district heating consumption in all Borgestad locations. 99,4% of the emissions are based on activity data.

Scope 3

6,6% of emissions in scope 3 are based on activity data, and this is applicable to the categories fuel- and energy-related activities, waste, and business travel. All other emissions are based on transaction data.

Borgestad's largest source of emissions is related to purchased goods and services. The Company purchases raw materials, refractory products, and refractory-related services for millions of NOK each year which results in high emissions. Further, all the products that are purchased during a reporting year are transported by sea and road, resulting in upstream transportation and distribution being the second largest emission category in scope 3.

	2023	2024	Change 2024/2023 (%)
SCOPE 1 GHG EMISSIONS			
Gross Scope 1 GHG emissions (tCO2eq)	1 120	1 104	-1,4%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	555	815	46,8%
SCOPE 2 GHG EMISSIONS			
Gross location-based Scope 2 GHG emissions (tCO2eq)	1 215	4 090	236,6%
Gross market-based Scope 2 GHG emissions (tCO2eq)	1 936	4 978	157,1%
SCOPE 3 GHG EMISSIONS			
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	**77 923**	**21 984**	**-71,8%**
1 Purchased goods and services	75 183	18 967	-74,8%
2 Capital goods	No information	7	100%
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	301	1 243	313%
4 Upstream transportation and distribution	No information	1 371	100%
5 Waste generated in operations	18	23	27,8%
6 Business travelling	317	307	-3,2%
7 Employee commuting	No information	No information	
8 Upstream leased assets	No information	66	100%
9 Downstream transportation and distribution	No information	No information	
12 End-of-life treatment of sold products	No information	No information	
13 Downstream leased assets	2 103	Not applicable	-100%
TOTAL GHG EMISSIONS			
Total GHG emissions (location-based) (tCO2eq)	**79 279**	**27 178**	**-65,7%**
Total GHG emissions (market-based) (tCO2eq)	**79 639**	**28 066**	**-64,8%**

Table 1

GHG intensity per net revenue	2023	2024	Change 2024/2023 (%)
Total GHG emissions (location-based) per net revenue (tCO_2e/mNOK)	69,48	23,35	-66,4%
Total GHG emissions (market-based) per net revenue (tCO_2e/mNOK)	69,80	24,01	-65,6%

Table 2

It is likely that that some of the transactions imported into the SaaS platform related to purchased goods are capital goods or upstream leased assets. A manual review was conducted for the largest transactions to assess whether the transaction is a purchase of a good or a capital good, or if it is a good that Borgestad does not have financial or operational control over. However, with thousands of transactions, it was not feasible to do this exercise for all transactions, and thus, there can be some emissions that should be allocated to category 2 or 8 instead. In coming reporting periods, Borgestad will work to tag the transactions with more detail to ensure that the emissions are correctly categorised. Borgestad will further collect more activity data for scope 3 to increase emission accuracy.

Relevant categories not included in the climate account

For the scope 3 categories where Borgestad has emission activities, but no transactions or activity data have been retrieved due to lack of data availability, the Company will work to make solid estimates in coming reporting periods to ensure a more complete climate account. For commuting, Borgestad will conduct a commuting survey for all employees across all countries during 2025.

GHG intensity

Table 2 shows Borgestad's GHG emission intensity based on total emissions per net revenue. The main reason for the large decrease in emission intensity is due to overreporting in scope 3 in 2023 as explained above.

Energy consumption

Table 3 shows the energy consumption and energy mix from Borgestad's direct scope 1 and indirect scope 2 emission activities in 2023 and 2024. Electricity calculations are based on the location-based method. The reason for the energy increase is mainly due to improved data quality, particularly for Agora Bytom as explained in "Greenhouse gas emissions".

Energy consumption and mix	2023	2024
Fuel consumption from coal and coal products (in MWh)	0	0
Fuel consumption from crude oil and petroleum products (in MWh)	2 350	2 063
Fuel consumption from natural gas (in MWh)	2 727	2 730
Fuel consumption from other fossil sources (in MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (in MWh)	154	4 406
Total fossil energy consumption (in MWh)	**5 231**	**9 199**
Share of fossil sources in total energy consumption (%)	46%	55%
Consumption from nuclear sources (MWh)	**1 093**	**1 029**
Share of consumption from nuclear sources in total energy consumption (%)	10%	6%
Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc) (MWh)	329	305
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	4 647	6 183
The consumption of self-generated non-fuel renewable energy (MWh)	32	59
Total renewable energy consumption (MWh)	**5 008**	**6 547**
Share of renewable sources in total energy consumption (%)	44%	39%
Total energy consumption (MWh)	**11 332**	**16 774**

Table 3

Pollution

Borgestad has identified material pollution-related impacts from mining operations in its upstream value chain. The impacts relate to the emission of non-GHG air pollutants and toxic emission to soil, which could negatively affect both people and nature in proximity to the mining sites.

To identify potential impacts, risks and opportunities related to pollution, Borgestad has followed the double materiality assessment process and supplemented the assessment with findings from the Taskforce on Nature-related Financial Disclosures' (TNFD) ENCORE tool related to mining and quarrying activities in the upstream value chain. Borgestad appreciates that more insights into nature-related impacts are necessary and is therefore currently conducting a nature risk assessment in accordance with the TNFD's LEAP framework to identify impacts, dependencies, risks and opportunities covering pollution-, water- and biodiversity-related topics.

Policies related to pollution

Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address pollution indirectly through a general commitment to protect the environment and reduce negative impacts. The Transparency Act statement specifies an obligation to engage with suppliers to reduce negative impacts in the value chain.

Practices related to pollution

Borgestad is currently in the process of conducting a nature risk assessment using the Taskforce on Nature-related Financial Disclosures' LEAP framework. This will enhance the Company's understanding of where in its upstream value chain the risk of pollution is greatest, thereby identifying locations for which further data collection is required. Through this process, Borgestad will improve its identification of pollution-related impacts, risks and opportunities, and the input obtained from the assessment will help the Company identify relevant actions and metrics in coming periods. The nature risk assessment will be completed in the first half of 2025 and will provide input for the coming annual sustainability report.

Targets related to pollution

Borgestad does not currently have any targets relating to pollution in its upstream value chain.

Regarding its own operations, Borgestad targets zero breaches of environmental permits relating to air pollution. In recent years no such breaches have been recorded.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Mining operations can cause emissions of non-GHG air pollutants that have negative impacts on nature and people.	Upstream	Short, medium and long
	Dust clouds and mineral deposition from mines can alter soil characteristics making it unsuitable for native vegetation.	Upstream	Short, medium and long

Biodiversity

Borgestad has identified potential negative impacts in its upstream value chain related to mining operations, including contamination of water, impact on natural landscapes and noise and light pollution impacting migratory species. At the time of publishing this report, Borgestad is in the process of conducting a nature risk assessment which will further enhance the Company's understanding of its impacts and risks related to biodiversity.

Policies, practices and targets related to biodiversity

Borgestad does not currently have specific policies, practices and targets related to biodiversity in place, but the Company plans to improve its biodiversity-related efforts following the conclusion of the nature risk assessment. The nature risk assessment follows the Taskforce on Nature-related Financial Disclosures' LEAP framework and primarily examines Borgestad's upstream value chain locations with a particular focus on mining and quarrying operations. This will result in a revision of material impacts, risks and opportunities. Additionally, it will help Borgestad develop relevant policies, practices and targets.

Sites in or near biodiversity-sensitive areas

Borgestad has screened all sites owned, leased or manged through the World Database on Protected Areas to identify any sites located in or near biodiversity-sensitive areas. As per VSME, near is defined as an area that is (partially) overlapping or adjacent to a biodiversity sensitive area. Höganäs Borgestad's warehouse in Luleå, measuring 0,2 hectares, is located adjacent to the Kallaxheden Nature Reserve, which is a forest area with rich wildlife. No other sites are located in or near biodiversity-sensitive areas as defined by the World Database on Protected Areas.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Materials from mine excavations may be dumped in bodies of water impacting marine ecosystems.	Upstream	Medium and long
	Mining operations can alter the natural landscape impacting biodiversity.	Upstream	Medium and long
	Mining operations can create noise and light pollution impacting migratory species.	Upstream	Medium and long

Resource use and circular economy

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Dependence on critical non-renewable raw minerals may impact global reserves and access to resources.	Upstream	Long
	Handling of waste from refractory production can impact climate and nature.	Downstream	Short, medium and long
	Circular economy practices such as using recycled input materials in refractory prod-ucts reduce emission costs and meet in-creasing demand for lower carbon products.	Upstream and own operations	Long
	Borgestad can capitalise on demand for low-carbon products by taking back refractory products from customers and use them again	Upstream, own operations and downstream	Long

Borgestad has identified material negative impacts related to resource inflows through the extraction of non-renewable raw materials in its upstream value chain and related to downstream handling of waste generated from Borgestad's production processes. At the same time, Borgestad has identified opportunities related to resource inflows and resource outflows through reducing emission costs and capitalising the demand for low-carbon products.

Policies related to resource use and circular economy

Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address resource use and circular economy indirectly through a general commitment to protect the environment and reduce negative impacts. Höganäs Borgestad ' environmental policy further states the Company work continuously with increasing resource efficiency.

Practices related to resource use and circular economy

Borgestad has developed two key actions intended to manage negative impacts related to resource use and circular economy whilst capitalising on the identified opportunities. These actions will contribute to decreasing dependency on non-renewable raw materials, reduce waste and take advantage of market demand for environmentally friendly products.

Develop recycled products

Borgestad aims to develop a range of products based on recycled materials to meet growing customer demand. This effort will refine existing products to meet the high standards of virgin-material alternatives, which are often prequalified and trusted. As recycled materials increasingly become a market requirement, the Company will focus on a targeted range of products selected based on group feedback and customer needs. These materials not only support environmental goals but also reduce costs, as they are typically cheaper than virgin resources. Borgestad will work to define a select product range in the first two quarters, followed by the development of key recycled products until the end of 2025.

Partnerships for recycled materials

Borgestad targets the establishment of multiple small-scale production facilities for recycled products, strategically located at or near customer facilities to minimise transportation costs and environmental impact. This setup has been requested by several players, particularly in the steel industry, and will be designed to handle specific volumes of recycled materials with a limited range of products, supported by the main production site. Such facilities allow for a relatively low investment while ensuring adequate returns, while opening the door for installation business. Borgestad aims to establish the first partnership of this kind in 2025 and will continue targeting new partnerships in 2026 and 2027.

Targets related to resource use and circular economy

Improve sustainability by using at least 10% recycled raw materials

Borgestad is committed to achieving a share of at least 10 percent recycled materials in production by 2030. This aligns with the growing market demand for environmentally responsible products, as customers increasingly seek sustainable solutions. Reusing materials not only supports sustainability but can also be more cost-efficient, provided the recycled materials maintain the necessary product quality. This strategy offers both environmental and economic benefits, reinforcing Borgestad's commitment to the circular economy while meeting customer expectations and regulatory pressures.

For some time, Borgestad has been working on a pilot project where the Company has developed a product that is almost entirely based on recycled material. By using innovative manufacturing methods, the Company has succeeded in minimising energy consumption in the manufacturing process. This project is an important step towards a more sustainable future and demonstrates Borgestad's commitment to environmentally friendly solutions. The product will be tested at a customer application for proof of concept during 2025.

Resource inflows

Borgestad's own operations and upstream value chain utilise various resources, including raw materials essential for the refractory production processes. Borgestad primarily uses andalusite, bauxite, mullite, chamotte and clay in its production process. The inflow of these materials is listed in table 4. The table does not include finished products for refractory operations or other types of products. Borgestad used 634 tonnes of secondary materials, accounting for 10,3 percent of total resource inflows in 2024.

Resource category	Total weight (tonnes)
Total	**6 143**
Technical materials	5 872
Andalusite	964
Bauxite	1 503
Mullite	1 400
Chamotte	1 732
Clay	273
Biological materials	271

Table 4

Resource outflows

Borgestad produces refractory products, including refractory bricks which can be recycled. The process of recycling refractory bricks involves sorting and cleaning, crushing and grinding, stabilisation and passivation, and processing to final specifications. The recycled material can be used in refractory monolithics and bricks.

In the design of refractory products, focus areas include durability, extending product life in the final application, and increasing use of recycled raw materials in the products. Some products are also based on reused materials from other industries and products. For refractory bricks an additional focus area is to lower the temperature that the bricks are fired in and other actions which could reduce the amount of energy used in the brick production.

Refractory products cannot be repaired, but the design of the refractory lining and the quality used can make the lining last longer. Reducing the wear of the refractory lining reduces the need for changing it, which in turn results in a decrease in raw materials consumed.

Waste

For 2024, Borgestad collected waste management data reports for Borgestad's operations in Bjuv, Skien, Mosjøen, Tampere, Nurmijärvi, Trollhättan, Gävle, Luleå and Agora Bytom. This is an improvement from last year, when only Bjuv was included. Some waste management companies provide information about waste treatment, while for others, Borgestad has made assumption about the waste treatment methods.

Table 5 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
Total Waste Generated	**1 020.55**	**1.70**	**1 018.55**
Diverted Recycle or Reuse	**726.05**	**0**	**726.05**
Preparation for Reuse	0	0	0
Recycling	726.05	0	726.05
Directed to Disposal	**294.51**	**1.70**	**292.81**

Table 5

Social information

Own workforce

The people of Borgestad are the foundation of the Company's success and the ones who deliver on customer promises. Borgestad's ambition is to ensure that people thrive at work by providing a safe and inspiring workplace. This is underpinned by a commitment to respecting human and labor rights.

Borgestad employs hundreds of people across Europe. The team includes office-based professionals, and production and installation workers. In addition to own employees, Borgestad also relies on an extended workforce of third-party contracted labour (non-employee workers) who are not directly employed by Borgestad but work on installation projects.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	If there is insufficient trade union or works council representation it can limit employee protection in negotiations	Own operations	Medium and long
	If there is interference with union activities and there is limited time for representatives it can impact employee representation	Own operations	Medium and long
	If there is inadequate collective bargaining it can affect workers' compensation and benefits	Own operations	Medium and long
	If there is inadequate HSE procedures it can lead to serious accidents and injuries.	Own operations	Short, medium and long
	Hard physical labour can have a long-term negative impact on worker's health	Own operations	Long
	If there is occurrence of violence and har-assment it can impact the Company reputa-tion and perception of workplace safety.	Own operations	Short, medium and long
Potential positive impact	Training programs can make employees attractive in fields with few skilled workers.	Own operations	Short, medium and long
	A diverse workforce enhances integration, inclusion, and diverse perspectives, bene-fiting team dynamics.	Own operations	Short, medium and long

Policies related to own workforce

Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address topics related to the Company's own workforce. The Transparency Act statement specifies a commitment to map and reduce negative impacts on people, whereas the Ethical Code of Conduct specifies relevant human and labour rights. Borgestad's Ethical Code of Conduct upholds the principles of the UN's Universal Declaration of Human Rights and the ILO Convention relating to child labour, freely chosen employment, freedom of association and working time, wages, and benefits.

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.

Practices related to own workforce

Borgestad has developed key actions which aims to manage potential negative impacts on its own workforce. Strict safety measures as well as internal training is put in place to reduce the chance and severity of accidents at Borgestad's sites. In 2025, Borgestad plans to hire an HR manager, who will be tasked with overseeing issues related to its own workforce, thereby working to reduce negative impacts and enhance positive impacts. Finally, Borgestad has a whistle-blower channel through which employees can raise concerns.

Accident prevention

There are injury and accident risks related to Höganäs Borgestad's production and installation operations. 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.

Hire HR Manager

To strengthen its commitment to health, safety, and a positive work environment, Borgestad has in 2025 hired an HR Manager as a global resource for the group, preferably based in Sweden. This position will oversee Health, Safety, and Environment (HSE) issues, management training, foster a strong workplace culture across all locations, and improve internal communication. By focusing on employee well-being and organizational cohesion, this role will play a pivotal part in ensuring a healthy and productive work environment for all team members.

Whistleblower channel

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.

Targets related to own workforce

Ensure zero injuries

Höganäs Borgestad is committed to ensuring zero workplace injuries. The number of injuries recorded has remained stable in recent years, with eight injuries with absence, none of which defined as serious incidents, recorded in Norway and Sweden in 2024.

Reduce sick leave rates to 3% or below

Höganäs Borgestad has established a target of reducing sick leave rates to 3% or below. Sick leave rates saw a significant rise during the COVID-19 pandemic and have yet to return to pre-pandemic levels. In 2023, the sick leave rate was 6,0%, whereas in 2019, the last year before the pandemic, the sick leave rate was 2,1%. Höganäs Borgestad is planning to conduct a detailed analysis of sick leave across different worker groups, including project-based operations, blue-collar, and white-collar employees. This will help the Company better understand the underlying causes and implement targeted actions tailored to the needs of each group.

Characteristics of own workforce

The majority of Borgestad's employees are located in Sweden, with smaller operations in Norway, Finland and Poland as well as an office in Malaysia. Borgestad employs significantly more men than women and this is common in the industry. The distribution by age group is reasonably well distributed, with roughly half of all employees being between 30 and 50 years old, approx. a quarter younger than 30 and approx. a quarter older than 50. Borgestad's workforce is relatively diverse with regards to nationality, with two thirds of all employees coming from abroad. In 2024, 15 employees left the Company, representing a turnover rate of 2.3%. All metrics related to number of employees are compiled on a head-count basis unless otherwise stated.

Gender	Number of employees
Male	563
Female	82
Total employees	**645**

Table 6: Employee head count by gender

Country	Number of employees
Norway	68
Sweden	448
Finland	81
Poland	38
Malaysia	10

Table 7: Employee head count by country/region

Country	Female	Male	Total
Number of employees	82	563	645
Number of permanent employees	68	256	324
Number of temporary employees	5	107	112
Number of non-guaranteed hours employees	9	200	209
Number of full-time employees	72	195	267
Number of part-time employees	10	368	378

Table 8: Employees by contract type, broken down by gender (head count)

Health and safety	Total
Number of fatalities as a result of work-related injuries and work-related ill health	0
Number of recordable work-related injuries with absence	8
Rate of recordable work-related injuries with absence per 100 full-time workers per year	3,5
Number of days lost to work-related injuries and fatalities from work-related accidents and work-related ill health	85*

Table 9
**Only data from Norway available.*

Health and safety
Borgestad has identified potential negative impacts where inadequate HSE procedures can lead to serious accidents and injuries and hard physical labour can impact workers' health. For 2024, Borgestad has collected data from its operations in Norway and Sweden, which accounts for the majority of its employees. A total of eight work-related injuries with absence, accounting for 3,5 injuries per 100 employees, were recorded in 2024. No work-related fatalities were recorded.

Collective bargaining
In 2024, between 60 and 79 percent of Borgestad's employees in Norway and between 80 and 100 percent in Sweden were covered by collective bargaining agreements. Borgestad is not allowed to collect this type of data in Finland and Poland.

Training
Borgestad employees, both workers and non-employee workers, are able to go through different trainings and certifications related to refractory production and installations. Many customers set strict certification requirements for installation workers to be allowed on the premises. For Borgestad to provide such projects to customers, the Company must ensure that the project employees receive the necessary training and certification before project start up. The more training and certifications the employees have, the more attractive they are for other installation projects in a market where the supply of refractory installation workers is limited.

Borgestad is currently not able to retrieve metrics for training and skills development, however, this will be a focus towards the next reporting period.

Human rights
Borgestad has an ethical code of conduct which covers child labour, forced labour and human trafficking, but does not explicitly cover discrimination or accident prevention. A stakeholder reporting channel is available for reporting breaches of the ethical code of conduct.

During 2024, two incidents of harassment were reported, both of which were filed through Borgestad's channel for raising concerns. In accordance with internal policies, we had/conducted conversations with those involved, and issued a written warning for harassment, in which we informed about the consequences if future recurrence. Borgestad practices zero-tolerance for harassment.

No confirmed incidents of child labour, forced labour, human trafficking or discrimination were recorded in 2024. Borgestad received no fines or penalties for human rights incidents during the reporting period. Borgestad is not aware of confirmed human rights incidents involving workers in the value chain, affected communities, consumers or end-users.

Workers in the value chain

Borgestad's purchased and produced products involve a diverse range of workers across the value chain, particularly those in upstream activities such as mining and extraction of minerals, refining, manufacturing, and logistics. Certain workers within these categories can be especially vulnerable such as migrant workers, women, young workers, minorities, or those in potentially unsafe work conditions. It is therefore a priority for Borgestad to get more value chain insights and use the influence the Company has to ensure a safe and inclusive working environment for all workers in the value chain.

Policies related to workers in the value chain

As reflected in the Borgestad's Ethical Code of Conduct, the suppliers 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's Universal Declaration of Human Rights. This includes treating employees fairly, with dignity and respect, and avoiding causing or contributing to abuse of human and labour rights. Suppliers must work to prevent child labour and forced labor, respect employees' freedom of association, and comply with relevant legal requirements for working time, wages and benefits. Suppliers shall further make adequate provision for the health and safety of their employees.

Any minerals supplied to Borgestad shall not directly or indirectly contribute to conflicts or human rights violations, and suppliers shall ensure that products supplied to Borgestad to not contain minerals originating from Conflict Affected and High-Risk Areas (CAHRAs) that directly or indirectly finance or benefit armed groups and cause or foster human rights abuses.

Practices related to workers in the value chain

For several years, Borgestad has been following the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct to integrate due diligence into procurement and to guide risk assessments of Company activities. This process is further explained in the Company Transparency Act reporting. Through this risk-based approach suppliers operating in high-impact or risk areas are prioritised. Such prioritisations allow Borgestad to implement mitigating actions where they have the most effect. This supports Borgestad's commitment for responsible business practices and sustainable growth.

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 the Supplier Code of Conduct and the Borgestad Ethical Code of Conduct. Borgestad has a channel for raising concerns through Höganäs Borgestad's independent whistleblower channel that is available for workers in the value chain on the Company web page.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Harassment and disregard for workers' rights may occur in less regulated mining areas	Upstream	Short, medium and long
	Child labour may occur, with higher risk in small-scale mining in areas with high poverty and weaker law enforcement.	Upstream	Short, medium and long
	Forced labour may occur in mining and transport sectors with weak oversight.	Upstream	Short, medium and long
	If there is inadequate clean water access in remote mining production areas can cause health issues for workers and locals.	Upstream	Short, medium and long
	Informal mining and transport jobs can lead to unstable employment, financial insecurity, and vulnerability to exploitation and layoffs.	Upstream	Short, medium and long
	Limited social dialogue can marginalise workers' voices.	Upstream	Short, medium and long
	Suppressed unionisation can undermine collective bargaining and workers' rights.	Upstream	Short, medium and long

To further ensure supply chain transparency for own operations, Borgestad reports to the sustainability reporting Company Ecovadis and was awarded a silver rating in 2023.

Targets related to workers in the value chain

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.

Governance information

Borgestad operates in a complex environment that relies on global supply chains and has identified material potential negative impacts related to corruption and bribery through the double materiality assessment. The Company works to ensure compliance with relevant laws, regulations, and responsible business conducts, with a heightened focus in countries and jurisdictions with greater exposure to ethical business and human rights breaches.

Policies related to governance

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 adhere to applicable laws and regulations, and they are underpinned by a dedication to ethical, sustainable, and socially responsible practices.

Practices related to corruption and bribery

Borgestad's actions related to governance are intended to manage its potential negative impacts. These particularly focus on measures to avoid incidents of corruption and bribery, as well as ensuring sufficient whistleblower protection.

Trainings and controls have been implemented to prevent and detect corruption and bribery 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.

Borgestad relies on several suppliers of critical raw materials, many of whom 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.

Targets related to corruption and bribery

Borgestad has zero tolerance for any form of corruption and bribery, without exception, and there were no such incidents reported during 2024.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Corruption and bribery can affect economic systems and lead to fines and criminal prosecution.	Upstream, own operations and downstream	Short, medium and long
	Insufficient whistleblower protection can harm whistleblowers and deter incident reporting.	Own operations	Short, medium and long

Appendix

Disclosure requirement for VSME	Description	Page number
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List of subsidiaries included in the consolidated reporting

	Legal form	NACE code	Balance sheet (EUR)	Turnover (EUR)	Employees (headcount)
Agora Bytom	Private limited liability undertaking	68	65 378	6 818	6
Höganäs Borgestad AS	Private limited liability undertaking	33	11 058	30 778	148
Höganäs Borgestad AB	Private limited liability undertaking	70	15 577	26 872	85
Höganäs Borgestad OY	Private limited liability undertaking	33	3 855	15 874	118
Höganäs Borgestad Energi & Ugnsteknik AB	Private limited liability undertaking	33	1 320	9 198	78
Macon AB	Private limited liability undertaking	33	8 507	25 268	234
Höganäs Bjuf Fastighet AB	Private limited liability undertaking	68	1	1 205	

Sites owned, leased or operated by Borgestad

Sites	Address	Postal Code	City	Country	Coordinates
Office	Fornebuveien 1	1366	Lysaker	Norway	59.91112, 10.63274
Office, storage, workshop	Borgestadbakken 2	3712	Skien	Norway	59.16104, 9.64368
Office, storage, workshop, sewing room	Havnegata 43	8663	Mosjøen	Norway	65.84806, 13.19473
Factory, office, storage	Södra Storgatan 12	267 31	Bjuv	Sweden	56.08275, 12.91653
Office	Terminalgatan 20	235 39	Vellinge	Sweden	55.45800, 13.01914
Office, storage, workshop	Polunmäenkatu 31	33720	Tampere	Finland	61.45100, 23.89467
Office, storage, workshop	Jokisentie 167	05200	Nurmijärvi	Finland	60.55030, 24.76469
Office, storage, workshop	Ersbogatan 6	802 93	Gävle	Sweden	60.63755, 17.13264
Office, storage, workshop	Hammarvägen 1	683 33	Hagfors	Sweden	60.01281, 13.66955
Office, storage, workshop	Kardanvägen 65	461 38	Trollhättan	Sweden	58.29562, 12.34834
Office, storage, workshop	Industrivägen 16	972 54	Luleå	Sweden	65.57283, 22.08403
Office	A-1-1, Seri Gembi-ra Avenue, 6 Jalan Senang Ria, Ta-man Gembira	58200	Kuala Lumpur	Malaysia	3.07899, 101.68640
Shopping mall	Plac Tadeusza Kościuszki 1	41-902	Bytom	Poland	50.34771, 18.91922

Board signatures

Lysaker, April 25 2025
Board of Directors, Borgestad ASA

Glen Ole Rødland
Chairman

Helene Bryde Steen
Board Member

Jacob Andreas Møller
Board Member

Wenche Kjølås
Board Member

Jan Erik Sivertsen
Board Member

Pål Feen Larsen
CEO

The document is electronically signed.

Borgestad Group

Consolidated financial statements

Consolidated statement of income

NOK 1 000	Note	2024	2023
Revenue	3,4	1 140 253	1 106 195
Other income	4	29 175	35 222
Total revenue and other income	**3,4**	**1 169 428**	**1 141 417**
Materials, supplies and subcontracting	4	528 946	582 570
Salary and personnel expenses	5,6	394 855	347 108
Other expenses	5	106 558	84 262
Depreciation	12,13	34 733	31 750
Impairment of non-current assets	10	-	90 126
Operating cost and expenses		1 065 092	1 135 816
Operating income/(loss)		**104 336**	**5 601**
Finance income	7	12 190	12 971
Finance cost	7	34 241	55 856
Net financial items		-22 051	-42 885
Profit before taxes		**82 285**	**-37 283**
Income tax	8	20 521	26 309
Profit/(loss) for the year		**61 764**	**-63 592**
Allocated as follows:			
Non-controlling interest's share of the profit		16 535	14 690
Controlling interest's share of the profit		45 229	-78 281
Basic and diluted earnings per share	9	1.29	-0.23

Consolidated statement of comprehensive income

NOK 1 000	Note	2024	2023
Profit/(loss) for the year		61 764	-63 592
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		-664	-1 819
Other income and expenses that may be reclassified to profit or loss:			
Translation differences		18 403	24 058
Change in fair value of cash flow hedging net of tax		-13 178	-7 406
change in other equity transactions		-	-1
Net other comprehensive income		**4 560**	**14 832**
Total comprehensive income for the year		**66 325**	**-48 760**
Non-controlling interest's share of total comprehensive income		17 714	18 605
Controlling interest's share of total comprehensive income		48 610	-67 365

Consolidated statement of financial position

NOK 1 000	Note	31.12.2024	31.12.2023
Assets			
Investment property	10,12	729 553	701 407
Land, buildings and asset under construction	12	12 502	17 890
Fixtures, plant, machinery and vehicles	12	42 667	37 066
License, trade marks and similar rights	12	26 032	28 499
Right-of-use assets	13	35 751	33 902
Goodwill	14	90 082	90 108
Other financial assets	6,21	6 248	6 855
Deferred tax asset	8	8 941	13 734
Total non-current assets		951 777	929 461
Inventories	15	126 254	118 733
Trade receivables	20	139 214	184 567
Other receivables	20	11 185	7 763
Cash and cash equivalents	16	220 462	152 688
Total current assets		497 115	463 752
Non-current assets classified as held for sale	11	13 907	13 165
Total assets		**1 462 799**	**1 406 378**

Consolidated statement of financial position cont.

NOK 1 000	Note	31.12.2024	31.12.2023
Equity and liabilities			
Share capital	18	35 062	350 621
Share premium and other paid-in capital		641 679	326 121
Total paid-in capital		676 741	676 741
Other reserves		158 983	153 759
Other equity		-106 894	-147 929
Retained earnings		52 089	5 830
Non-controlling interest		80 202	73 270
Total equity		**809 032**	**755 842**
Interest-bearing debt	19,21	343 600	335 742
Other non-current liabilities	19,21	10 713	-
Lease liability	13	24 730	27 453
Pension liabilities	6	5 813	6 369
Deferred tax	8	8 288	7 988
Total non-current liabilities		393 144	377 552
Interest-bearing debt	19,21	51 900	60 043
Lease liability	13	16 986	12 641
Bank overdraft	16,19	-	24 098
Trade payables	21	68 489	64 017
Liabilities for current tax	8	11 928	12 147
Public duties payable	21	28 991	27 560
Other short-term liabilities	21,22	82 330	72 479
Total current liabilities		260 623	272 984
Total equity and liabilities		**1 462 799**	**1 406 378**

Lysaker, April 25 2025
Board of Directors, Borgestad ASA

Glen Ole Rødland
Chairman

Helene Bryde Steen
Board Member

Jacob Andreas Møller
Board Member

Wenche Kjølås
Board Member

Jan Erik Sivertsen
Board Member

Pål Feen Larsen
CEO

The document is electronically signed.

Consolidated statement of cash flows

NOK 1 000	Note	2024	2023
Profit before taxes and minority interest		82 285	-37 283
Income taxes paid		-12 147	-1 681
Profit/(loss) on shares and other investment activities		-	1 306
Depreciation	12,13	34 733	31 750
Impairment of non-current assets	10	-	90 126
Sales loss/(gain) non-current assets		-5 484	27
Change in short term receivables, liabilities and inventories		49 914	82 667
Cash flow from operating activities		149 301	166 913
Investment in fixed tangible and intangible assets	12	-12 220	-37 912
Investments in shares		-13 194	-
Sale of fixed assets		6 079	1 328
Cash flow from investment activities		-19 335	-36 584
Proceeds from issuing new shares		-	296 729
Repayment of borrowings	19	-17 161	-312 498
Net change bank overdraft	19	-24 098	-34 439
Payment of lease liabilities	13	-20 933	-18 492
Cash flow from financial activities		-62 192	-68 700
Net cash flow this year		67 774	61 629
Liquidity at beginning of the period		152 688	91 059
Liquidity at the end of the period	**16**	**220 462**	**152 688**

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 01.01.2023	**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**
Equity as at 01.01.2024	**350 621**	**211 759**	**114 362**		**6 154**	**147 605**	**-147 929**	**73 270**	**755 842**
Issue of share capital	-								-
Share capital decrease by transfer to other paid-in capital	-315 559		315 559						-
Purchase of shares in subsidiaries							-2 392	-10 743	-13 135
Profit/(loss) for the period							45 229	16 535	61 764
Net other comprehensive income					-13 178	18 403	-1 803	1 140	4 560
Equity as at 31.12.2024	**35 062**	**211 759**	**429 921**		**-7 025**	**166 008**	**-106 894**	**80 202**	**809 032**

Borgestad Group

Notes to the consolidated 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 Fornebuveien 1, 1366 Lysaker, 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 of December 31, 2024, and Norwegian disclosure requirements pursuant to the Norwegian accounting act as of December 31, 2024.

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 of December 31, 2024, have been approved by the company's board on April 25, 2025 and will be presented for approval at the ordinary general meeting on May 28, 2025.

Change in comparative figures

Correction of value for investment property in Q3'23 to the total of MNOK 90,126 results in a change in write-down from 94,298 to 90,126 in 2023 figures. The differences of 4,172 are currency effect and resulted in a reduction in currency gain in the 2023 figures. The differences of 4,172 are currency effects and resulted in a reduction in currency gain in the 2023 figures. In the income statement, EBITDA has been removed but is shown in note 3 Segment. information. The financial items are shown with only two lines, income and cost, but are specified in note 7 Financial income and financial cost.

Consolidation principles

The Group's consolidated financial statements comprise the parent company and its subsidiaries as of December 31, 2024. 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.

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). For the balance sheet, the exchange rates as of December 31 are used, while average exchange rates are used in the profit and loss.

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.

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).

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.

Changes in accounting principles and note information
No changes in IFRS with effect for the 2024 accounts have been relevant or implemented the in 2024.

New accounting standards
The consolidated financial statements will be affected by IFRS amendments in the future. Many IFRS projects are finalised, but some of them have either not been finally adopted or not been endorsed by the EU. It is highly likely that many of these projects will be adopted.

The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective and approved by EU. Amendments and interpretations that apply for the first time in 2025, do not have an impact on the consolidated financial statements of the Group.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-Scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Use of estimates and discretionary valuations
The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. This particularly applies to the depreciation of tangible fixed assets, investment property and impairment of goodwill. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

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

	Note	Estimate/assumptions	2024	2023
Fixed assets, intangible assets	12	Recoverable amount for impairment assessment and estimation of remaining useful life and scrap value	81 201	83 455
Right-of-use assets	13	Leases	35 751	33 902
Investment properties	10,12	Recoverable amount for impairment assessment and estimation of remaining useful life and scrap value	729 553	701 407
Goodwill	14	Recoverable amount for impairment assessment	90 082	90 108
Deferred tax asset/ Deferred tax	8	Assessment of the ability to exploit tax positions in the future	44 864	55 822

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 November 15, 2010. As of December 31, 2024, there are 112 (110) 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 processing 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue - external	62 420	57 370	1 077 809	1 048 724	24	101	-	-	1 140 253	1 106 195
Revenue - within the group	-	-	45	45	2 950	-	-2 995	-45	-	-
Other income	14 203	11 826	9 509	23 396	5 463	-			29 175	35 222
Total revenue and other income	**76 622**	**69 196**	**1 087 363**	**1 072 165**	**8 438**	**101**	**-2 995**	**-45**	**1 169 428**	**1 141 417**
Supplies and subcontracting	-	-	349 958	315 801	-	-	-	-	349 958	315 801
Materials	608	527	178 379	266 241	-	-	-	-	178 987	266 768
Total supplies, subcontracting and materials	**608**	**527**	**528 338**	**582 043**	**-**	**-**	**-**	**-**	**528 946**	**582 570**
Salaries and management payment	4 320	3 948	274 800	251 711	7 519	3 387	-	-	286 639	259 046
Social security contributions	690	601	63 098	53 261	1 245	984	-	-	65 032	54 845
Pension costs	-	-	21 403	16 427	308	211	-	-	21 711	16 638
Other personnel costs	32	28	21 385	16 445	55	105	-	-	21 473	16 578
Total salaries and personnel expense	**5 041**	**4 577**	**380 687**	**337 844**	**9 127**	**4 687**	**-**	**-**	**394 855**	**347 108**

	Real Estate		Refractory		Other activities		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Consultancy fees and external personnel	8 497	9 425	8 711	7 035	7 078	6 323	-	-	24 286	22 782
Travel costs	148	141	21 648	18 738	371	269	-	-	22 167	19 148
Other operating costs	21 035	17 438	41 834	24 519	1 856	2 044	-4 620	-1 670	60 105	42 331
EBITDA	**41 293**	**37 088**	**106 146**	**101 986**	**-9 994**	**-13 222**	**1 625**	**1 625**	**139 069**	**127 478**
Depreciation and amortisation	8 658	8 458	25 024	22 365	380	256	671	671	34 733	31 750
Impairments	-	90 126	-	-	-	-	-	-	-	90 126
Operating income/(loss)	**32 634**	**-61 496**	**81 122**	**79 621**	**-10 374**	**-13 478**	**954**	**954**	**104 336**	**5 601**
Group contribution received	-	-	-	-	29 991	-	-29 991	-	-	-
Net agio/disagio	1 330	4 265	0	0	8 899	17 704	-8 843	-15 606	1 386	6 363
Impairment of financial assets	-	-	-	-	-1 287	-88 866	1 287	87 560	-	-1 306
Net other financial items	-28 460	-24 318	-11 393	-21 621	19 183	7 381	-2 767	-9 382	-23 437	-47 940
Profit before tax	**5 504**	**-81 549**	**69 728**	**58 000**	**46 413**	**-77 260**	**-39 360**	**63 525**	**82 286**	**-37 283**

Total assets and liabilities into segments

	Real Estate		Refractory		Other activities		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Total assets	774 847	1 008 371	635 738	598 844	749 801	1 003 573	-697 588	-1 204 411	1 462 798	1 406 378
Total liabilities	559 403	759 067	269 296	289 435	10 258	283 429	-185 191	-681 395	653 766	650 536

Total assets and liabilities by location

	Norway		Poland		Sweden		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Total assets	305 528	253 990	774 567	738 662	316 389	357 307	66 315	56 419	1 462 799	1 406 378
Total liabilities	78 457	38 249	371 973	351 949	165 191	213 725	38 145	46 613	653 766	650 536

Other information about the business area

	Real Estate		Refractory		Other activities		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Investments	1 785	5 722	10 435	31 293	-	898	-	-	12 220	37 912
Depreciation	8 658	8 458	25 024	22 365	380	256	671	671	34 733	31 750
Guarantees	-	-	14 261	21 148	-	-	-	-	14 261	21 148

Note 4 Revenues and geographical breakdown

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..

Geographical revenue by segment

	Real Estate		Refractory		Other activities		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Norway	-	-	343 427	277 382	2 975	101	-2 995	-45	343 406	277 438
Poland	62 420	57 370	-	818	-	-	-	-	62 420	58 188
Sweden	-	-	411 468	379 634	-	-	-	-	411 468	379 634
Finland	-	-	193 301	258 585	-	-	-	-	193 301	258 585
Scandinavia, others	-	-	6 534	3 405	-	-	-	-	6 534	3 405
Europe, others	-	-	108 093	84 335	-	-	-	-	108 093	84 335
Asia	-	-	10 694	32 860	-	-	-	-	10 694	32 860
Africa	-	-	3 876	3 119	-	-	-	-	3 876	3 119
Other	-	-	461	8 631	-	-	-	-	461	8 631
Sum	**62 420**	**57 370**	**1 077 854**	**1 048 769**	**2 975**	**101**	**-2 995**	**-45**	**1 140 254**	**1 106 195**

None of the company's customers individually account for more than 10 percent of the turnover. This applies to both 2024 and 2023.

Other income	2024	2023
Profit from the sale of operating assets	5 466	23
Commission and joint costs when renting out property	14 200	11 803
Interest on late payment from Vienna Arbitration case	-	19 694
Other incomes	9 509	3 702
Total other income	**29 175**	**35 222**

Note 5 Salaries, personnel expenses and shares owned by the board of the directors

Salaries and personnel expenses NOK 1 000	2024	2023
Salaries	286 639	259 046
Social security costs	65 032	54 845
Pension costs	21 711	16 638
Other personnel costs	21 473	16 578
Total expenses	**394 855**	**347 108**
Average number of employees	410	373

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 2024

	Board remuneration	Audit Committee	Remuneration committe	Salary	Other remuneration	Pension	Bonus	Total
Pål Feen Larsen *CEO*	-	-	-	2 833	189	135	600	3 757
Frode Martinussen *CEO segment Refractory*	-	-	-	1 978	14	50	-	2 042
Bendik Persch Andersen *Head of M&A, IR and Coprporate Governance, from September 15, 2024*	-	-	-	529	2	35	-	566
Glen Ole Rødland* *Chairman of the board*	639	-	15	-	-	-	-	654
Jacob Møller *Board member*	210	-	15	-	-	-	-	225
Jan Erik Sivertsen *Board member**	320	31	-	-	-	-	-	351
Helene Steen* *Board member*	320	31	-	-	-	-	-	351
Wenche Kjølsås *Board member*	213	105	-	-	-	-	-	318
Total	**1 702**	**167**	**30**	**5 340**	**205**	**220**	**600**	**8 264**

**Corona Maritime AS, which is controlled by Glen Ole Rødland, has a consultancy agreement with Borgestad ASA. In 2024 NOK 1,528,437 was invoiced, and in 2023 NOK 824,662 was invoiced. Rødland was elected chairman of Höganäs Borgestad Holding AB in June 2023, where a board fee of SEK 200,000 has been paid in 2024 for the period 2023/2024.*
**Jan Erik Sivertsen and Helene Steen was both elected board members of Höganäs Borgestad Holding AB in June 2023, where a board fee of SEK 100,000 has been paid in 2024 for the period 2023/2024.*

During the financial year 2024, no loans or guarantees have been given to senior employees or board members in the Group.

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**

**Ploot Invest AS, which is controlled by Jacob Møller, had 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.*

During the financial year 2023, 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 of directors and their related parties:	Number of shares	Percent
Jan Erik Sivertsen[1] board member	10 462 736	29,84 %
Helene Steen[2] board member	5 750 000	16,40 %
Glen Ole Rødland[3] Chairman of the board	1 707 759	4,87 %
Jacob Møller[4] board member	1 217 994	3,47 %
Pål Feen Larsen, CEO	138 241	0,39 %
Wenche Kjølås[5] board member	100 000	0,29 %
Bendik Persch Andersen, Head of M&A, Corp. dev. and IR	57 000	0,16 %
Total	**19 433 730**	**55,43 %**

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

Auditor's remuneration	2024	2023
Audit	3 650	2 593
Audit related services	121	631
Tax related services	186	-
Other services	-	203
Total	**3 957**	**3 427**

Note 6 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. 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 the closed pre-pension scheme and the closed operating pension scheme in Borgestad ASA.

In 2024, the Group paid a total of TNOK 20,566 in pension premiums and TNOK 771 in current pension over operations. For 2025, it is estimated that the Group will pay TNOK 21,800 in pension premiums and TNOK 788 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 in 2012. The high average age means that changed assumptions in connection with the discount rate, wage growth and pension adjustment become relatively insignificant for the gross pension obligation. Sensitivity analysis have therefore not been prepared.

Total pension expense recognised in profit and loss	2024	2023
Pension expense recognised from defined benefit plans	374	371
Contributions to defined contribution plans	21 337	16 267
Total pension expense recognised in profit and loss	**21 711**	**16 638**

Total pension expense recognised in profit and loss	2024	2023
a) Secured:		
Plan assets	-5 792	-5 390
Defined benefit obligation	5 667	5 136
Net defined benefit asset(-) / liability	-125	-254
b) Unsecured:		
Pension liabilities	5 813	6 369
Prepaid pension	**-125**	**-254**
Pension liabilities including social security tax	**5 813**	**6 369**
Actuarial gains and losses on defined benefit pension plans		
Encountered actuarial gains and losses on pension liabilities secured schemes (ne-gative sign is losses)	-343	-431
Encountered actuarial gains and losses on pension liabilities unsecured schemes (negative sign is losses)	-321	-1 388
Total actuarial gains and losses on defined benefit pension plans recognised over OCI	**-664**	**-1 819**

Note 7 Financial income and financial cost

Finance income and finance cost	2024	2023
Interest income	6 412	1 763
Foreign currency gains	1 398	6 380
Other financial income	4 379	4 828
Financial income	**12 190**	**12 971**
Interest cost	-22 697	-47 046
Interest cost leases	-4 707	-4 864
Foreign currency loss	-12	-19
Write down on finacial asset	-	-1 306
Other financial cost	-6 825	-2 622
Financial cost	**-34 241**	**-55 856**
Net other financial income/(-) cost	**-22 051**	**-42 885**

Note 8 Tax

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 regarding 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.

Current taxes and changes in deferred tax are taken to other comprehensive income to the extent that they relate to items that are included in other comprehensive income.

Income tax expense	2024	2023
Current income tax expense	14 482	12 147
Changes in deferred tax	6 039	14 162
Tax expense	**20 521**	**26 309**
Reconciliation of tax expense to Norwegian nominal statutory tax rate		
Income (loss) before tax	82 285	-37 283
Expected income taxes at statutory tax rate	10 459	-6 528
Non deductible expenses	17 581	6 648
Changes in unrecognised deferred tax asset	-7 519	26 189
Tax expense	**20 521**	**26 309**
Tax effects of temporary differences and tax loss carryforwards giving rise to deferred tax assets and liabilities		
Current asset	-63 480	-98 014
Property, plant and equipment	2 122	-3 049
Revaluation account currency	48 211	35 829
Pensions	-1 221	-1 442
Other non-current liabilities	670	432
Long term debt	-1 893	1 130
Profit and loss account	4 670	4 305
Accrual Fund Sweden	4 645	4 420
Tax loss carryforwards	-44 864	-55 822
Of which not recognized as tax asset	50 485	106 464
Net deferred tax assets (liabilities)	**-654**	**-5 746**
Deferred tax assets	8 941	13 734
Deferred tax liabilities	-8 288	-7 988

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	2024	2023
Norway	38 678	45 766
Sweden	5 932	10 057
Poland	254	-
Total tax loss carried forward	**44 864**	**55 822**

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 carryforwards in Poland have a limitation on utilization of five years.

Note 9 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 December 31, 2024, and 2023, there was no difference between earnings per share and diluted earnings per share in Borgestad.

Basis of calculation	2024	2023
Weighted average number of ordinary shares	35 062	339 983
Weighted average number of shares	**35 062**	**339 983**
Result per share		
Total profit attributable to equity holders of the parent	45 229	-78 281
Basic and diluted earnings per share	**1.29**	**-0.23**

Note 10 Investment property

Investment property

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 labour 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.

	2024	2023
Carrying amount shopping Center, Poland	729 553	701 407

See note 12 for specification for changes in the carrying amount. Carrying amount for Agora Bytom is MNOK 729.6 while the estimated fair value MNOK 743.2 or MEUR 63.9.

Specification	2024	2023
Rental income	79 259	69 146
Direct operating expenses generating rental income	31 930	32 051
Depreciation	8 658	8 458
Write downs	-	90 126
Depreciation method: Linear		
Economic life	100 years	100 years

Investment property

During the financial year, Management did not identify any indicators of impairment for Agora Bytom. 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 based on value in use. The fair value of the investment property is estimated to be the same value range as value in use, but with deduction of transaction costs. 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 Management believes that the reliability of the Groups data and robust forecasting methods supports a ten-year cash flow projection.

The value in use estimate is 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 8.6% and a post-tax discount rate of 7.4%. 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

Rent level is estimated to be at EUR 15.25 per sqm per month in 2025 and is forecasted to increase at a steady growth rate of 2%. Estimated rent at EUR 15.25 per sqm is estimated based on signed leases at EUR 16.81 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 vacancies included in terminal period are at 4 percent.

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.

Sensitivities

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

Terminal growth

WACC	0.50 %	1.00 %	1.50 %	2.00 %	2.50 %	3.00 %	3.50 %
5.90 %	70 578	75 313	81 131	88 453	97 948	110 752	128 961
6.40 %	64 496	68 270	72 818	78 408	85 443	94 565	106 866
6.90 %	59 373	62 430	66 056	70 427	75 798	82 558	91 324
7.40 %	55 000	57 510	60 448	63 933	68 134	73 296	79 793
7.90 %	51 223	53 309	55 722	58 546	61 896	65 934	70 897
8.40 %	47 929	49 680	51 685	54 005	56 720	59 941	63 824
8.90 %	45 032	46 514	48 197	50 125	52 356	54 968	58 065

Vacancy in terminal

WACC	7.00 %	6.00 %	5.00 %	4.00 %	3.00 %	2.00 %	1.00 %
	3.00 %	**2.00 %**	**1.00 %**	**-**	**-1.00 %**	**-2.00 %**	**-3.00 %**
6.40 %	75 990	76 796	77 602	78 408	79 214	80 020	80 826
6.90 %	68 342	69 037	69 732	70 427	71 122	71 817	72 512
7.40 %	62 116	62 722	63 327	63 933	64 539	65 144	65 750
7.90 %	56 948	57 480	58 013	58 546	59 078	59 611	60 144
8.40 %	52 589	53 061	53 533	54 005	54 477	54 949	55 421
8.90 %	48 863	49 284	49 705	50 125	50 546	50 967	51 388

Capex in terminal

WACC	680 000	630 000	580 000	530 000	480 000	430 000	380 000
	-150 000	**-100 000**	**-50 000**	**-**	**50 000**	**100 000**	**150 000**
5.90 %	86 065	86 861	87 657	88 453	89 249	90 044	90 840
6.90 %	68 676	69 259	69 843	70 427	71 011	71 595	72 178
7.40 %	62 406	62 915	63 424	63 933	64 442	64 951	65 459
7.90 %	57 203	57 651	58 098	58 546	58 993	59 441	59 888
8.40 %	52 816	53 212	53 608	54 005	54 401	54 798	55 194
8.90 %	49 065	49 418	49 772	50 125	50 479	50 832	51 186

Rent / sqm

WACC	EUR / Sqm->	14.8	14.9	15.1	15.3	15.4	15.6	15.7
	%-change ->	-3.00 %	-2.00 %	-1.00 %	0.00 %	1.00 %	2.00 %	3.00 %
5.90 %		85 662	86 592	87 522	88 453	89 383	90 313	91 243
6.40 %		75 934	76 759	77 583	78 408	79 233	80 057	80 882
7.40 %		61 915	62 588	63 260	63 933	64 605	65 278	65 950
7.90 %		56 698	57 314	57 930	58 546	59 162	59 778	60 393
8.40 %		52 300	52 869	53 437	54 005	54 573	55 141	55 709
8.90 %		48 543	49 071	49 598	50 125	50 653	51 180	51 708

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	2024	2023
1 year	57 215	55 897
1 < 5 years	127 476	124 921
>5 år	36 373	22 651
Total	**221 063**	**203 469**

When converting from EUR to NOK for future rental income for Agora Bytom Sp. z o.o. an exchange rate of NOK/EUR 11.6249 for the 2024 figures and NOK/EUR 11.4242 for 2023 figures has been applied.

Note 11 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 costs 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 are 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 into a conditional agreement with Bjuv municipality in Sweden on October 27, 2023, 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 the completion of the transaction, the two properties will be transferred to a new wholly owned subsidiary of Höganäs Bjuf Fastighets AB, and the transaction will be structured as a sale by Höganäs Bjuf Fastighets AB of the shares in this subsidiary.

The transaction was approved by the Municipal Council of Bjuv December 11, 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 Administrative Court in Malmö (the "Administrative Court") has processed the complaint. According to the Administrative Court, Bjuv municipality has not provided sufficient documentation regarding the valuation of the two properties. As a result, the Administrative Court has decided to revoke Bjuv municipality's approval of the Transaction. Bjuv municipality has in March 2025 appealed the Administrative Court's ruling. The approval of the transaction by Bjuv municipality will only become binding once the complaint has been finally resolved in the claimant's favor, and the completion of the transaction is conditional upon such binding approval.

Bjuv municipality and Höganäs Bjuf Fastighets AB entered into an amendment of the agreement regarding the long stop date in November 2024. The original long stop date was set for December 31, 2024, but has been extended until December 31, 2025.

In connection with the sale, the Group has outstanding interest-bearing debt to Nordea that will be repaid upon completion of the transaction. Total amounts due at completion is MNOK 44.2 as of December 31, 2024. The loan amount is classified as interest-bearing debt under current liabilities.

Assets (NOK 1 000)	31.12.2024	31.12.2023
Buildings and plant	13 907	13 165
Total assets classified as held for sale	**13 907**	**13 165**

Note 12 Property, plant and equipment, Intangible assets and Investment property

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 in full or partial sales.

2024	Investment property	Land and buildings	Assets under construction	Machinery and vehicles	Lisens, trademark	Total
Cost at 1 January	1 176 723	18 670	4 616	267 184	31 395	1 498 588
Additions	1 838	2 490	541	6 945	407	12 220
Disposals	-1 897	-6 420	-	-9 568	-	-17 885
Reclassification	-	-	-5 039	5 039	-	-
Effects of changes in foreign exchange rates	58 393	31	74	4 483	524	63 506
Cost at 31 December	**1 235 057**	**14 772**	**192**	**274 083**	**32 326**	**1 556 430**
						-
Accumulated depreciation and impairment at 1 January	475 316	5 396	-	230 118	2 897	713 727
Disposals	-1 748	-3 533	-	-9 104	-	-14 385
Depreciation	8 658	573	-	6 452	3 298	18 981
Impairments	-	-	-	-	-	-
Effects of changes in foreign exchange rates	23 279	26	-	3 950	100	27 354
Accumulated depreciation and impairment at 31 December	**505 505**	**2 462**	**-**	**231 416**	**6 294**	**745 677**
Carrying amount at 31 December	**729 553**	**12 310**	**192**	**42 666**	**26 032**	**810 754**

Borgestad ASA sold its former head office in Skien in 2024 with a profit of MNOK 5.5. The property was sold to the company Gunnar Knudsens veg 144 AS. Borgestad ASA owns 10% of this company.

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	90 126	-	-	-	-	90 126
Effects of changes in foreign exchange rates	21 446	4 269	-	14 057	75	39 847
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**

Fixed assets	Economic life	Depreciation method
Investment property	100 year	linear
Buildings	20 – 50 year	linear
Lisens, trademark	10 year	linear
Machinery and vehicles	3 – 20 year	linear
Land	not depreciated	not depreciated

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.

Research and development	2024	2023
Expenses, incl. salaries	6 992	6 560

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.

Note 13 Leases

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.

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. See note 10 for rental income from leases.

Operating leases

For operating leases, the Group recognizes 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 recognized as other income. The Group recognizes 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 recognizes those costs as an expense over the lease term on the same basis as the rental income.

Right-of-use-assets 2024	Machinery and equipment	Vehicles	Buildings/ Property	Total
Cost at 1 January	7 449	19 508	40 854	**67 811**
Additions	548	10 324	2 295	**13 167**
Disposals	-	-	-	**-**
Effects of changes in foreign exchange rates and other changes	703	874	3 015	**4 592**
Cost at 31 December	**8 700**	**30 706**	**46 164**	**85 570**
Accumulated depreciation at 1 January	4 087	10 299	19 524	**33 909**
Disposals	-	-	-	**-**
Depreciation	1 997	7 268	6 488	**15 753**
Effects of changes in foreign exchange rates and other changes	12	76	67	**155**
Accumulated depreciation and impairment at 31 December	6 096	17 643	26 079	**49 817**
Carrying amount at 31 December	**2 604**	**13 063**	**20 085**	**35 751**

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

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**

Maturity analysis of contractual undiscounted cash flows

Undiscounted liabilities	2024	2023
Less then one year	18 252	16 209
One to two years	12 315	12 784
Two to three years	8 841	7 901
Three to four years	6 983	5 720
Four to five years	4 316	4 072
More than five years	1 543	3 014
Total undiscounted liabilities at 31 December	**52 251**	**49 699**

Summary of the lease liabilities	2024	2023
Balance at 1st January	40 094	37 877
Additions	13 167	9 410
Lease payments	-20 933	-18 492
Interest expense	4 707	4 864
Effects of changes in foreign exchange rates and other changes	4 681	6 435
Carrying amount at 31 December	**41 715**	**40 094**

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	2024	2023
Operating expenses in the period related to short-term leases (including short-term low value assets)	870	616
Operating expenses in the period related to low value assets (excluding short-term leases included above)	197	120
Total lease expenses included in other operating expenses	**1 067**	**736**

Note 14 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 into 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.

Goodwill	2024	2023
Cost at 1 January	90 108	87 165
Effects of changes in foreign exchange rates	-26	2 943
Carrying amount at 31 December	**90 082**	**90 108**

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 December 31, 2024. In 2011, the Group acquired two Swedish companies and in connection with this goodwill arose which is assessed at TNOK 36,919 per December 31, 2024. In 2015 and 2018, the Group acquired two Finnish companies and in connection with these acquisitions' goodwill arose which is assessed at TNOK 7,092 per December 31, 2024.

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	14 651	21 369	7 092	899	90 082

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 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. An increase of 2 percent is included for turnover growth, both in the period before terminal period and for terminal period. There are estimated improvements in EBIT margins in the five-year period according to the business plan that is prepared by management and approved by the Board of Directors. Growth of 2 (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 Höganäs Borgestad AB, working capital are following a percentage of revenue according to achieved percentage of working capital achieved in 2024. For Höganäs Borgestad AB positive one-off effects have been estimated from the release of working capital, due to estimated general decrease of stock levels.

The cash flows are calculated based on the expected cash flow and the discount rate is based on a required return before tax of 12.3 (11.7) percent for the Norwegian entity, 10.3 (11.7) percent for Swedish entities and 10.5 (11.7) percent for the Finnish entity. 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. 21 (9) percent.

Based on calculations carried out and the assumptions made, no impairment of goodwill has been made as of December 31, 2024, 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 15 Inventories

Inventories

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.

Inventory	2024	2023
Raw materials	24 936	22 333
Work in progress	5	1 164
Finished goods own produced products	52 982	30 271
Goods purchased for resale	48 331	64 966
Total	**126 254**	**118 733**

The specification above is net book value after deduction for impairment. The provision for impairment amounted to TNOK 8,484 (8,642) as of December 31, 2024.

Write down	2024	2023
Balance at 1 January	-8 642	-7 366
Write-downs reversed, other	1 315	-36
New write-downs recognized during the year	-1 212	-1 239
Foreign currency translation gain/(loss)	55	-
Balance at 31 December	**-8 484**	**-8 642**

Note 16 Cash and cash equivalents

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.

Cash	2024	2023
Unrestricted cash	203 975	139 273
Restricted cash	16 487	13 415
Total cash	**220 462**	**152 688**
Overdraft facility	72 051	46 812
Restricted deposits	-16 487	-13 415
Total available liquidity	**276 026**	**186 086**

Restricted funds consist of tax deductions of TNOK 4,692 (2,174) and TNOK 11,795 (11,241) 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 17 Investments

Company	Ownership percent	Cost	Book value 31.12.24	Book value 31.12.23
Gunnar Knudsens veg 144 AS	10.00 %	25	25	-
ERH AS	2.98 %	27 573	-	-
QNTM Ecom SW AB	0.15 %	1 306	1	1
Impact Technology Systems AS	1.55 %	350	-	-
Other shares		7	7	175
Total		**29 261**	**33**	**176**

For information regarding the valuation hierarchy, see note 21.

In 2024, Borgestad ASA completed the sale of Gunnar Knudsens veg 144 in Skien, Norway. The building was sold the Gunnar Knudsens veg 144 AS, Borgestad ASA owns 10 % of this company.

The office building was sold for a total of MNOK 10, with 50 percent structured as vendor credit, carrying a maximum duration of three years. The transaction was finalized in October 2024. The accounting gain from the sale, amounted to MNOK 5.5.

Borgestad ASA has classified the ownership in Gunnar Knudsens veg 144 AS as a joint arrangement. The reason is that Borgestad ASA is shareholder, has the chair and has partly financed Gunnar Knudsens veg 144 AS through the vendor credit. A specific judgment is completed, and the outcome of the judgement is that Borgestad ASA have sufficient control over Gunnar Knudsens veg 144 AS to classify the investment as joint control.

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 +/- 3.3.

Note 18 Share capital and shareholder information

Number of shares	Ordinary shares issued	Treasury shares	Ordinary shares outstanding
01.01.2023	152 490 851	-8 010	152 482 841
Issued new share capital	1 249 991 990	8 010	1 250 000 000
31.12.2023	1 402 482 841	-	1 402 482 841
Rights issue 03.06.24*	39		39
Share reverse split 03.06.24	-1 367 420 808		-1 367 420 808
31.12.2024	**35 062 072**	**-**	**35 062 072**

**In June 2024 Borgestad increased the share capital by NOK 9.75 through the issue of 39 new shares, each with a nominal value of NOK 0.25, in order to facilitate for a reverse share split in the ratio 40:1.*

Information related to shares

The company's share capital on December 31, 2024, is NOK 35 062 072 divided into 35 062 072 shares with a nominal value of NOK 1 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 December 31, 2024.

Shareholder	Number of shares	Ownership interest
Kontrari AS	10 462 736	29.84 %
Ses AS	5 750 000	16.40 %
Auris AS	1 968 727	5.61 %
Intertrade Shipping AS	1 750 000	4.99 %
Gross Management AS	1 707 759	4.87 %
Jahatt AS	1 174 428	3.35 %
Dione AS	1 097 137	3.13 %
Regent AS	828 487	2.36 %
Suveren AS	637 808	1.82 %
Christiansen, Lars Aage Haaland	570 000	1.63 %
North Sea Group AS	507 204	1.45 %
Aal Industrier AS	351 590	1.00 %
Bratrud, Gudmund Joar	334 467	0.95 %
Hausta Investor AS	329 801	0.94 %
Torhus Andreas	300 000	0.86 %
Ar Vekst AS	250 000	0.71 %
LGT Bank AG	227 401	0.65 %
Batjak AS	222 503	0.63 %
Gravråk Olve	200 000	0.57 %
Oaktiva AS	186 813	0.53 %
Total	**28 856 861**	**82.30 %**
Other shareholders	6 205 211	17.70 %
Total	**35 062 072**	**100.00 %**

Note 19 Borrowings

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 into the balance sheet to the extent that these are directly related to the manufacture of a fixed asset. The loan costs at the balance sheet is entered at the time the fixed asset is ready for use.

Secured	Interest term	Maturity date	Effective interest rate 31.12.24	2024	2023
Bank loan (currency EUR) Agora Bytom Sp. z o.o.	EURIBOR 1M + margin 2,80%	2028	5.87 %	342 498	332 362
Bank loan (currency SEK) Höganäs Borgestad AB	STIBOR 3M + 3,25 %	2025	7.79 %	44 003	52 423
Bank loan (currency NOK) Höganäs Borgestad AS	NIBOR 3M + 3,25%	2029	8.20 %	9 000	11 000
Total secured long-term debt				**395 500**	**395 785**
1st year's principal repayments on long-term debt				-51 900	-60 043
Total long-term debt excluding the 1st year's principal repayments				**343 600**	**335 742**

Maturity profile bank loan

(NOK 1 000)	2024	2023
Less then one year	51 900	60 043
One to two years	14 254	7 621
Two to three years	19 216	13 677
Three to four years	309 130	18 408
Four to five years	1 000	295 036
More than five years	-	1 000
Total	**395 500**	**395 785**

Overdraft facility	Interest term	Maturity date	Effective interest rate 31.12.24	2024	2023
Overdraft facility Nordea	3 mnd Stibor + 3,25%	2024	5.76 %	-	24 098

Granted check credit with Nordea is MSEK 70 as of December 31, 2024. The check credit is available and granted for Höganäs Borgestad Group.

Mortgage 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 December 31. Höganäs Borgestad meet all covenant requirements agreed with Nordea per December 31, 2024.

The loan agreement regarding the mortgage loan in Agora Bytom has a covenant that Net Operating Income (NOI) at a minimum of 190 percent of Interest Service Cover Ratio (ISCR) 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 December 31, 2024. Reference is also made to Note 21 regarding discussion of liquidity risk for the Group.

Pledged as security	2024	2023
Buildings, investment property and factory facilities	754 998	725 112
Fixtures, machinery and vehicles	41 968	72 818
Current assets and fixed assets	263 083	307 094
Total	**1 060 048**	**1 105 024**

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.

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

Reconciliation for liabilities arising from financing activities	2024	Other	New leases	Relocation	Foreign exchange movement	Cash flows	2023
Long-term borrowings	343 600	-362		-7 898	16 118		335 742
Short-term borrowings	51 900			7 898	1 121	-17 161	60 043
Payment of lease liabilities	41 716	9 388	13 167			-20 933	40 094
Overdraft facility	-					-24 098	24 098
Total liabilities from financing activities	**437 216**	**9 026**	**13 167**	**-**	**17 239**	**-62 193**	**459 976**

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

Note 20 Receivables

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.

	2024	2023
Invoiced trade receivables	144 140	186 061
Expected credit loss	-12 068	-12 385
Trade receivables	**132 072**	**173 676**
Work in progress (accrued uninvoiced income)	11 507	10 891
Advances received	-4 364	-
Contract assets	**7 142**	**10 891**
Trade receivables and contract assets	**139 215**	**184 567**

Aging profile of trade receivables	2024	2023
Not due	119 591	123 102
<30 days	8 713	38 452
30-60 days	899	5 757
61-90 days	262	1 570
>90 days	14 675	17 179
Total	**144 140**	**186 061**
Expected credit loss	-12 068	-12 385
Total	**132 072**	**173 676**
Change in provision for expected loss:		
January 01.01	12 385	11 489
Change in provision during the year	-1 477	-1 069
Reversed previous provision	424	2 392
Translation difference and other changes	736	-427
Provision 31th December	**12 068**	**12 385**
This year losses	**-**	**19**

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.

Other receivables	2024	2023
Income accruals	1 220	282
Cost accruals	1 822	-
Prepayment to suppliers	5 197	7 539
Tax and value added tax	2 104	-
Other current assets	842	-58
Total	**11 185**	**7 763**

Note 21 Financial risk and management objectives and policies

Financial risk

The Group uses financial instruments such as bank 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.

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 and other short-term receivables, cf. v) for an overview of the amounts within these classes.

ii) Interest rate risk

The Group is exposed to interest rate risk through placement and financing activities. As of December 31, 2024, the Group had a floating interest rate for most of its deposits, receivables and loans.

For the mortgage loan in Agora Bytom, 70 percent of the loan of MEUR 29,4 is secured at a fixed rate of 3.17 percent above the interest margin of 2.80 percent until maturity, December 31, 2028. 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)
2024	+/-1 % points	-/+ 260	-/+ 8 496
2023	+/-1 % points	-/+ 251	-/+ 1 662

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

2024 Interest derivatives	Secured amount	Maturity remaining	Fair value	Change in value throughout the year
Agora Bytom Sp. z o.o. **	242 741	3.5 years	-9 962	-15 907

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 years	5 945	-7 957

*** 70 (100) percent of the loan linked to Agora Bytom is secured with an interest rate of 3.17 (0.30) percent + 2.80 (2.80) percent margin.*

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 20.6 (29.9), which corresponds to 70 (100) percent of the company's mortgage loan.

Interest on loans, receivables and liabilities measured at amortized cost	2024	2023
Bond loan	-	9 612
Bank loan	22 697	37 434
Total	**22 697**	**47 046**

iii) Liquidity risk

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

The Group's board of directors and management consider the group's debt structure as reasonable with a sufficient liquidity position. 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.

The Group, through Höganäs Borgestad group, has mortgage debt, MNOK 44.0, that falls due on June 30, 2025 that can influence the liquidity situation for the Group if the debt is not refinanced. The Board of directors and management review the refinancing risk as low. Management has agreed with Nordea that discussion related to refinancing will be completed during first half of 2025. The board and Group management have the understanding that the Groups liquidity is sustainable and that the Group are in a good position to service the debt within the Group as it falls due.

Unutilized credit facilities are presented in Note 16. 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.

		Remaining period		
2024	**0-3 mth.**	**3-12 mth.**	**1-3 year**	**3 years or more**
Interest-bearing debt	12 975	38 925	342 600	1 000
Other non-current liabilities	-	-	10 713	-
Interest expenses	6 068	16 491	58 066	41
Trade payables	68 489	-	-	-
Other short-term liabilities	95 837	27 411	-	-
Total	**183 369**	**82 827**	**411 378**	**1 041**

See Note 13 for maturity analysis on leasing.

		Remaining period		
2023	**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**

Note 19 contains more information regarding long term debt.

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 and EUR.

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 2024 or 2023.

The Group's available liquid assets are held in NOK, EUR, PLN and SEK. The tables below show the sensitivity of the consolidated balance sheet to potential changes in the krone exchange rate for each EUR, PLN and SEK with all other ratios held constant.

Year	Change in EUR exchange rate	Effect on profit before tax	Effect on equity
2024	+/- 10 %	+/- 5 981	+/- 50 851
2023	+/- 10 %	+/- 3 600	+/- 46 044

Year	Change in PLN exchange rate	Effect on profit before tax	Effect on equity
2024	+/- 10 %	+/- 2 282	+/- 573
2023	+/- 10 %	+/- 1 997	+/- 867

Year	Change in SEK exchange rate	Effect on profit before tax	Effect on equity
2024	+/- 10 %	+/- 2 271	+/- 29 298
2023	+/- 10 %	+/- 3 638	+/- 11 773

v) Classification of financial instruments

31.12.24	Derivatives that are hedging instruments	Shares at fair value through profit or loss	Loans and receivables at amortized cost and bank de-posits	Financial liabili-ties measured at amortized cost
Non-current financial assets				
Other financial assets	-	-	6 216	-
Other shares	-	32	-	-
Total non-current financial assets				
Trade receivables	-	-	139 214	-
Other receivables	-	-	11 185	-
Cash and cash equivalents	-	-	220 462	-
Total financial assets	**-**	**32**	**377 077**	**-**
Interest-bearing debt long term				
Interest-bearing debt	-	-	-	343 600
Other non-current liabilities	10 713			
Lease liability				24 730
Interest-bearing debt short term				
Interest-bearing debt	-	-	-	51 900
Lease liability				16 986
Trade payables	-	-	-	68 489
Public duties payable	-	-	-	28 991
Other short-term liabilities	-	-	-	82 330
Total financial obligations	**10 713**	**-**	**-**	**617 025**

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
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**

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 (i.e. as prices) or indirectly (i.e. 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	31.12.24	Level 1	Level 2	Level 3
Hedging derivatives with changes in value through other comprehensive income	-9 962	-	-9 962	-
Equity instruments held for trading with a change in value through profit or loss	32	-	-	32
Total	**-9 930**	**-**	**-9 962**	**32**

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	31.12.23	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**

Specification of changes in level 3	2024	2023
Balance sheet as of 01 January	169	1 845
Purchase, sale, issue and settlement	25	-
Gains and losses recognised in the current profit and loss statement		-1 676
Reclassifying	-162	
Total	**32**	**169**

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 December 31, 2024, and 2023 was 55.3 per cent and 53.7 per cent respectively. See Note 19 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.

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 furthermore 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 analysis 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 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.

Note 22 Other current liabilities

Other current liabilities	2024	2023
Accrued costs	7 675	10 857
Accrued interest	-	-
Advance from customers	3 366	-
Holiday pay and other debts to employees	51 553	34 440
Other current liabilities	19 734	27 182
Total	**82 328**	**72 479**

Note 23 Contractual obligations

As of December 31, 2024, guarantees have been given to customers on the basis of agreed deliveries of TNOK 14 261 (21 148).

Note 24 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 claimed 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 decreases 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 25 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 2024	Ownership interest 2023
Borgestad Properties AS	Norway	Holding company	100.00 %	100.00 %
Agora Bytom Sp. z o.o.	Poland	Real estate company	100.00 %	100.00 %
GZMO Sp. z o.o.	Poland	Real estate company	100.00 %	100.00 %
Idea Property & Asset Management Sp. z o.o.	Poland	Property Management	100.00 %	100.00 %
Facility Service Sp. z o.o.	Poland	Property Management	100.00 %	100.00 %
Borgestad Industries AS	Norway	Holding company	100.00 %	100.00 %
Borgestad Industries AB	Sweden	Holding company	100.00 %	100.00 %
Höganäs Borgestad Holding AB	Sweden	Holding company	69.68 %	64.25 %
Höganäs Borgestad AS	Norway	Installation and supplier of refractory products	69.68 %	64.25 %
Höganäs Borgestad AB	Sweden	Supplier of refractory products	69.68 %	64.25 %
Macon AB	Sweden	Installation and supplier of refractory products	69.68 %	64.25 %
Höganäs Bjuf Fastighets AB	Sweden	Real estate company	69.68 %	64.25 %
Höganäs Borgestad Energi & Ugnsteknik AB	Sweden	Installation and supplier of refractory products	69.68 %	64.25 %
Höganäs Borgestad Oy	Finland	Installation and supplier of refractory products	69.68 %	64.25 %
Höganäs Bjuf Germany GmbH	Germany	Supplier of refractory products	69.68 %	64.25 %
Höganäs Bjuf Italia Srl	Italy	Supplier of refractory products	69.68 %	64.25 %
Höganäs Contracting Asia Pacific Sdn Bhd	Malaysia	Supplier of refractory products	69.68 %	64.25 %
Höganäs Bjuf Asia Pacific Sdn Bhd	Malaysia	Supplier of refractory products	69.68 %	64.25 %
Höganäs Bjuf Eastern Europe Sp.z o.o.	Poland	Supplier of refractory products	69.68 %	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.

Acquisition of shares in Höganäs Borgestad Holding AB

Borgestad ASA have, through its wholly-owned subsidiary Borgestad Industries AB increase the shares in Höganäs Borgestad Holding AB with the 5.43 % in 2024 from minority shareholders of the company.

Höganäs Borgestad Holding AB is the holding company in the Höganäs Borgestad group, which operates the Company’s refractory business.

Note 26 Events after the balance sheet date

Decision from the Administrative Court in Malmö regarding sale-leaseback transaction for production facilities in Sweden

Reference is made to the information provided regarding the conditional agreement entered into with Bjuv municipality in Sweden for the sale and leaseback of two properties in Sweden in note 11. The Group was informed in February 2025 that the Administrative Court in Malmö (the "Administrative Court") has processed the complaint. According to the Administrative Court, Bjuv municipality has not provided sufficient documentation regarding the valuation of the two properties. As a result, the Administrative Court has decided to revoke Bjuv municipality's approval of the Transaction.

Bjuv municipality has appealed the Administrative Court's ruling.

The complaint relates to the purchase price in the Transaction, which in the claimant's opinion significantly exceeds the market value of the two properties. Bjuv municipality's approval of the Transaction 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. Consequently, the Transaction can only be completed if the Administrative Court's ruling is overturned (i.e. not upheld) in the appeal process.

Dividend proposal

The Board of Directors of Borgestad ASA will propose to the Annual General Meeting an ordinary dividend of NOK 0.80 per share for 2024. The dividend amounts to TNOK 28 050.

Borgestad ASA

Financial statements

Income statement

NOK 1 000	Note	2024	2023
Operating income and operating expenses			
Revenue	2	2 974	101
Other operating income	2.5	5 463	-
Total revenue		**8 438**	**101**
Salary and personnel expenses	2, 3, 4	9 127	4 687
Depreciation	5	242	232
Other operating expenses	6	9 287	8 627
Total operating expenses		18 656	13 547
Operating profit		**-10 219**	**-13 446**
Financial items			
Income from investment in subsidiaries companies	7	34 088	7 043
Interest from subsidiaries	8	13 946	10 211
Interest income		5 750	1 532
Foreign currency gain/(loss)		8 886	17 700
Impairment of financial assets	7	-11 895	-118 583
Interest expenses		-1 313	-10 848
Net financial income		**49 462**	**-92 945**
Profit before taxes		**39 244**	**-106 391**
Income tax	9	-	-
Profit/(loss) for the year		**39 244**	**-106 391**
Allocated as follows:			
Proposed dividens	10	28 050	-
Transfer to/(from) other equity	10	11 194	-106 391

Balance sheet

NOK 1 000	Note	2024 31.12.	2023 31.12.
Assets			
Property, plant and equipment	5	699	4 042
Shares in subsidiaries	7	386 810	400 548
Loan to group companies	8	192 238	148 231
Investments in associated companies and other shares	11	25	-
Loan to associated companies	8.11	4 259	-
Total non-current assets		**584 031**	**552 821**
Trade and other receivables subsidiaries	8	28 203	270 898
Other receivables		1 229	1 382
Bank deposits	12	112 173	131 168
Total current assets		**141 606**	**403 448**
Total assets		**725 637**	**956 269**
Equity and liabilities			
Share capital	10	35 062	350 621
Share premium reserve	10	211 759	211 759
Other paid-in equity	10	429 921	114 362
Total paid-in capital		**676 741**	**676 741**
Other equity	10	10 872	-
Total retained earnings		**10 872**	**-**
Total equity	**10**	**687 614**	**676 741**
Pension liabilities	4	5 645	6 000
Other provisions		751	-
Total long term liabilities		**6 396**	**6 000**
Trade creditors	8	1 059	957
Accrued public taxes		831	598
Other short-term liabilities	8	29 737	271 972
Total current liabilities		**31 627**	**273 527**
Total equity and liabilities		**725 637**	**956 269**

Lysaker, April 25 2025
Board of Directors, Borgestad ASA

Glen Ole Rødland
Chairman

Helene Bryde Steen
Board Member

Jacob Andreas Møller
Board Member

Wenche Kjølås
Board Member

Jan Erik Sivertsen
Board Member

Pål Feen Larsen
CEO

The document is electronically signed.

Cash flow statement

NOK 1 000	Note	2024	2023
Loss before income taxes		39 244	-106 391
Sales loss/(gain) and write-downs	5,7	2 335	118 633
Depreciation	5	242	232
Accrued interest, not paid	8	-13 946	-10 211
Change in receivables and liabilities subsidiaries	8	-58 080	-135 680
Change in receivables and liabilities		46	-899
Cash flow from operating activities		**-30 160**	**-134 315**
Proceeds from sale of other investments	5	5 939	378
Proceeds from sale of fixed assets	11	5 250	-
Proceeds from investment in shares	11	-25	-
Purchase of fixed assets		-	-898
Cash flow investment activities		**11 164**	**-520**
Repayment of long term loans		-	-97 664
Proceeds from issuing new shares		-	296 729
Cash flow from financial activities		**-**	**199 065**
Net cash flow this year		-18 996	64 230
Cash position January 1.		**131 168**	**66 938**
Liquidity December 31.	**12**	**112 173**	**131 168**

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 of December 31, 2024.

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, 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 Revenue and other income

By business area	2024	2023
Rental income from real property	24	101
Services	2 950	-
Gain from disposal of fixed tangible assets	5 463	-
Total	**8 438**	**101**

Geographical distribution	2024	2023
Norway	5 488	101
Sweden	2 950	-
Total	**8 438**	**101**

In 2023, income from services to Höganäs Borgestad Holding AB, Sweden of MNOK 1,7 is classified as a reduction in salary.

Borgestad ASA sold its former head office in Skien in 2024 with a profit of MNOK 5.5. The property was sold to the company Gunnar Knudsens veg 144 AS. Borgestad ASA owns 10% of this company. See also Note 11.

Borgestad ASA has received TNOK 54 (TNOK 53 in 2023) in grants from the compensation scheme for electricity support for businesses classified as a reduction in electricity costs.

Note 3 Salary and personnel expense and management remuneration

See the Group's Note 5 for remuneration to the Board of Directors and Group Executive Management.

Compensation of employees	2024	2023
Salaries including board fees	7 519	5 088
Distribution of salary to Höganäs Borgestad Holding AB	-	-1 700
Social security costs	1 245	984
Pension costs	197	211
Other personnel costs	167	105
Total salaries and personnel expense	**9 127**	**4 687**
The number of man-years that has been employed during the financial year:	3	3

External audit remuneration	2024	2023
Statutory audit	1 674	963
Other assurance services	120	631
Tax consultant services	-	-
Other non-audit services	-	203
Total	**1 794**	**1 797**

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 December 31, 2024. 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	**2024**	**2023**
Pension expense recognised from defined benefit plans	-	26
Interest expenses	206	153
Estimated pension cost/income for defined benefit plans	**206**	**178**
Contributions to defined contribution plans	268	217
Contributions AFP	40	41
Total pension expense recognised in profit and loss	**514**	**437**

Unsecured pension		
Number of people in the agreement at the end of the year		
Number of active	-	-
Number of retired	2	2
Gross pension obligation including social security tax	5 645	6 000
Estimate variance		
Encountered estimate deviations on pension liabilities unsecured schemes (negative sign is losses)	-321	-1 388
Total estimate deviations recognised directly to equity	**-321**	**-1 388**
The year's pension costs are calculated as follows:		
Social security tax	14,1 %	14,1 %
Average turnover	0,0 %	0,0 %
Pension liabilities and pension assets		
Discount rate	3,30 %	3,70 %
Wage growth in %	3,50 %	3,75 %
G-regulation	3,25 %	3,50 %
Pension adjustments in %	1,90 %	2,40 %
Expected return	3,30 %	3,70 %

Note 5 Property, plant and equipment

	Land and property	Other	Sum
Accumulated cost as at 1 January	**6 420**	**1 113**	**7 533**
Additions	-	-	-
Disposals	-6 420	-215	-6 635
Accumulated cost as at 31 January	**-**	**898**	**898**
Accumulated depreciation 01.01	3 471	20	3 490
Depreciation	62	180	242
Disposals	-3 533	-	-3 533
Accumulated depreciation 31.12	-	199	199
Carrying value	**-**	**699**	**699**
Economic life	-	20 %	

In 2024 Borgestad has sold its property, see Note 2. From August 2024 Borgestad ASA has leased office spaces at a cost of TNOK 96. The lease expires 31. July 2025.

Note 6 Other operating expenses

Other operating expenses	2024	2023
Audit fees, financial and legal assistance	7 013	6 340
Operation and maintenance	1 525	1 507
Travel expenses and associated costs	371	269
Rent office space	96	-
Lease of fixed assets	70	39
Other	212	473
Total	**9 287**	**8 627**

Note 7 Subsidiaries

Company	Investment year	Location, city	Ownership in %	Equity as at 31 Dec. 2024	Profit before tax	Book value 31.12.23	Book value 31.12.22
Borgestad Properties AS	1998	Skien, Norway	100 %	235 746	11 926	235 746	247 641
Borgestad Industries AS	2013	Skien, Norway	100 %	170 662	-624	151 064	151 064
Höganäs Borgestad Holding AB - sold	2021	Gävle, Sweden	2,4 %			-	1 842
Total						**386 810**	**400 548**

Specification of reversals/write-downs of financial assets	2024	2023
Reversal/(-) write-down of shares in subsidiaries	**-11 895**	**-117 277**

In 2024, Borgestad ASA has received a Group contribution from Borgestad Properties AS of MNOK 29,99. The shares in Borgestad Höganäs Borgestad Holding AB were sold in 2024 with a gain of MNOK 4,1 to the Group company Borgestad Industries AB.

Direct and indirect ownership	Country of incorporation	Main operations	Ownership interest 2024	Ownership interest 2023
Borgestad Properties AS	Norway	Holding company	100,00 %	100,00 %
Agora Bytom Sp. z o.o.	Poland	Real estate com-pany	100,00 %	100,00 %
GZMO Sp. z o.o.	Poland	Real estate com-pany	100,00 %	100,00 %
Idea Property & Asset Mana-gement Sp. z o.o.	Poland	Property Mana-gement	100,00 %	100,00 %
Facility Service Sp. z o.o.	Poland	Property Mana-gement	100,00 %	100,00 %
Borgestad Industries AS	Norway	Holding company	100,00 %	100,00 %
Borgestad Industries AB	Sweden	Holding company	100,00 %	100,00 %
Höganäs Borgestad Holding AB	Sweden	Holding company	69,68 %	64,25 %
Höganäs Borgestad AS	Norway	Installation and supplier of refrac-tory products	69,68 %	64,25 %
Höganäs Borgestad AB	Sweden	Supplier of re-fractory products	69,68 %	64,25 %
Macon AB	Sweden	Installation and supplier of refrac-tory products	69,68 %	64,25 %
Höganäs Bjuf Fastighets AB	Sweden	Real estate com-pany	69,68 %	64,25 %
Höganäs Borgestad Energi & Ugnsteknik AB	Sweden	Installation and supplier of refrac-tory products	69,68 %	64,25 %
Höganäs Borgestad Oy	Finland	Installation and supplier of refrac-tory products	69,68 %	64,25 %
Höganäs Bjuf Germany GmbH	Germany	Supplier of re-fractory products	69,68 %	64,25 %
Höganäs Bjuf Italia Srl	Italy	Supplier of re-fractory products	69,68 %	64,25 %
Höganäs Contracting Asia Pacific Sdn Bhd	Malaysia	Supplier of re-fractory products	69,68 %	64,25 %
Höganäs Bjuf Asia Pacific Sdn Bhd	Malaysia	Supplier of re-fractory products	69,68 %	64,25 %
Höganäs Bjuf Eastern Europe Sp.z o.o.	Poland	Supplier of re-fractory products	69,68 %	64,25 %

Note 8 Outstanding balances related parties

Company	2024 Current receivables	2023	2024 Long-term receivables	2023	2024 Long-term and short-term debt	2023
Agora Bytom Sp. z o.o.	-	-	147 713	133 823	-	-
Borgestad Industries AS	-	-	9 550	8 951	-	-
Borgestad Industries AB	-	-	25 733	5 457	-	-
Gunnar Knudsens veg 144 AS	-	-	4 259	-	-	-
Höganäs Borgestad Holding AB	158	69	-	-	-	-
Höganäs Bjuf Fastig-hets AB	-	114	-	-	-	-
Höganäs Borgestad AB	-	-	-	-	-10	-9
Borgestad Properties AS	28 045	270 715	9 241	-	-	-270 715
Total	**28 203**	**270 898**	**196 497**	**148 231**	**-10**	**-270 724**

Receivables towards Idea Property & Asset management Sp. z o.o. are written down by TNOK 1,539 to TNOK 0.

Long-term receivables are generally due more than 1 year from the date of the balance sheet.

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 6.75 per cent.

Interest income from Group companies in 2024 is TNOK 13,946 compared with TNOK 10,211 in 2023.

Note 9 Tax

Tax expense and deferred tax	2024	2023
Profit before tax	39 244	-106 391
Permanent differences	-303	-17 153
Consolidated contribution recognised in the income statement	-29 991	-7 043
Other permanent differences	7 849	118 686
Change in temporary differences	-14 053	-16 081
General income	**2 746**	**-27 982**
Contribution recognised in the income statement	28 045	8 989
Use of tax losses carried forward	-30 791	-
Tax base	**-**	**-18 994**
Overview of temporary differences		
Fixed asset differences	115	30
Long-term receivables and liabilities in foreign currency	41 875	32 983
receivables	-709	-613
Profit and loss account	5 637	70
Other provisons	-751	-
Unsecured pension liabilities/funds	-5 645	-6 000
Total temporary differences	**40 523**	**26 471**
Tax losses carried forward	-173 516	-204 307
Write-down deferred tax assets	132 993	177 836
Total deferred tax basis	**-**	**-**
Net deferred tax 22%	-	-
Reconciliation of effective tax rate in the profit and loss account		
Profit before tax	39 244	-106 391
22% tax on profit before tax	8 634	-23 406
22% tax on permanent differences	1 232	22 765
Change in unrecognised deferred tax asset	-9 866	641
Tax expense	**-**	**-**
Effective tax rate (tax expense compared with profit / loss before tax)	0,0 %	0,0 %

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 29,258 of December 31, 2024.

Note 10 Equity and shareholders

	Share capital	Share premium reserve	Other paid-in capital	Other equity	Total equity
Equity as at 01.01 2024:	**350 621**	**211 759**	**114 362**	**-**	**676 741**
Issue of share capital*	-	-	-	-	-
Share capital decrease by transfer to other paid-in capital*	-315 559	-	315 559	-	-
Estimate change pension obligation	-	-	-	-321	-321
Proposed dividens	-	-	-	-28 050	-28 050
Profit for the year	-	-	-	39 244	39 244
Equity as at 31.12 2024	**35 062**	**211 759**	**429 921**	**10 872**	**687 614**

**In June 2024 Borgestad increased the share capital by NOK 9.75 through the issue of 39 new shares, each with a nominal value of NOK 0.25, in order to facilitate for a reverse share split in the ratio 40:1.*

The company's share capital on December 31, 2024, is NOK 35 062 072 divided into 35 062 072 shares with a nominal value of NOK 1 per share. All shares have equal voting rights.

The Board of Directors will propose to the Annual General Meeting an ordinary dividend of NOK 0.80 per share for 2024. The dividend amounts to MNOK 28,0.

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	10 462 736	29,84 %
Helene Steen [2] board member	5 750 000	16,40 %
Glen Ole Rødland [3] Chairman of the board	1 707 759	4,87 %
Jacob Møller [4] board member	1 217 994	3,47 %
Pål Feen Larsen, CEO	138 241	0,39 %
Wenche Kjølås [5] board member	100 000	0,29 %
Bendik Persch Andersen, Head of M&A, Corp. dev. and IR	57 000	0,16 %
Total	**19 433 730**	**55,43 %**

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

The 20 main shareholders at 31.12.24 are:

Shareholder	Number of shares	Ownership interest
Kontrari AS	10 462 736	29,84 %
Ses AS	5 750 000	16,40 %
Auris AS	1 968 727	5,61 %
Intertrade Shipping AS	1 750 000	4,99 %
Gross Management AS	1 707 759	4,87 %
Jahatt AS	1 174 428	3,35 %
Dione AS	1 097 137	3,13 %
Regent AS	828 487	2,36 %
Suveren AS	637 808	1,82 %
Christiansen, Lars Aage Haaland	570 000	1,63 %
North Sea Group AS	507 204	1,45 %
Aal Industrier AS	351 590	1,00 %
Bratrud, Gudmund Joar	334 467	0,95 %
Hausta Investor AS	329 801	0,94 %
Torhus Andreas	300 000	0,86 %
Ar Vekst AS	250 000	0,71 %
LGT Bank AG	227 401	0,65 %
Batjak AS	222 503	0,63 %
Gravråk Olve	200 000	0,57 %
Oaktiva AS	186 813	0,53 %
Total	**28 856 861**	**82,30 %**
Other shareholders	6 205 211	17,70 %
Total	**35 062 072**	**100,00 %**

Note 11 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	-
Gunnar Knudsens veg 144 AS	250	25	25	25
Total			**29 253**	**25**

In 2024, Borgestad ASA completed the sale of Gunnar Knudsens veg 144 in Skien, Norway. The building was sold the Gunnar Knudsens veg 144 AS, Borgestad ASA owns 10 % of this company.

The office building was sold for a total of MNOK 10, with 50 percent structured as vendor credit, carrying a maximum duration of three years. The transaction was finalized in October 2024. The accounting gain from the sale, amounting to MNOK 5.5.

Borgestad ASA has classified the ownership in Gunnar Knudsens veg 144 AS as a joint arrangement. The reason is that Borgestad ASA is shareholder, has the chair and has partly financed Gunnar Knudsens veg 144 AS through the vendor credit. A specific judgment is completed, and the outcome of the judgement is that Borgestad ASA have sufficient control over Gunnar Knudsens veg 144 AS to classify the investment as joint control.

Note 12 Cash

Cash and cash equivalents	2024	2023
Unrestricted cash	111 650	130 812
Restricted cash	523	355
Total cash	**112 173**	**131 168**

Note 13 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 per December 31, 2024.

Note 14 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.

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 Agora Bytom Sp. z o.o with TNOK 147,713, 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 192,238. See overview in Note 8.

Note 15 Events after the balance sheet date

The Board of Directors will propose to the Annual General Meeting an ordinary dividend of NOK 0.80 per share for 2024. The dividend amounts to MNOK 28,0.

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.
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.

Reason for including

EBITDA: Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance. EBITDA is part of Borgestad's financial covenants.

Adjusted figures: To be able to compare the EBITDA of different reporting periods, significant non-recurring items not directly related to operating activities, are included in Other income and expenses.

EBITDA

(NOK 1000)	2024	2023	2022	2021
Operating income/(loss)	104 336	5 601	-70 848	43 319
Impairment of non-current assets	-	90 126	91 343	-
Depreciation	34 733	31 750	31 799	33 305
EBITDA	**139 069**	**127 478**	**52 293**	**76 625**

EBITDA adjusted group

(NOK 1000)	2024	2023
EBITDA	139 069	127 478
Gain resulting from the arbitration case	-	-46 400
Gain on sale of asset	-5 463	-
EBITDA adjusted	**133 606**	**81 078**

EBITDA adjusted segment other acitvites

(NOK 1000)	2024	2023
EBITDA	-8 368	-11 596
Gain from sale of asset	5 436	-
EBITDA adjusted	**-13 804**	**-11 596**

EBITDA adjusted segment refractory

(NOK 1000)	2024	2023
EBITDA	106 146	101 986
Gain resulting from the arbitration case	-	-46 400
EBITDA adjusted	**106 146**	**55 586**

2) EBIT segment refractory

(NOK 1000)	2024	2023
EBIT	81 122	79 621
Gain resulting from the arbitration case	-	-46 400
EBIT adjusted	**81 121**	**33 221**

2) EBIT segment refractory

(NOK 1000)	2024	2023
Revenue and other income	1 087 363	1 072 165
EBIT adjusted	81 121	33 221
EBIT adjusted	**7.5 %**	**3.1 %**

Reason for including: Equity ratio is an important measure in describing the capital structure..

Return on equity	**2024**	**2023**	**2022**	**2021**
Total equity	809 032	755 842	507 873	339 297
Average equity	782 437	631 857	423 585	361 527
Profit before taxes	82 285	-37 283	-124 320	-39 975
Foreign currency gain/(-) loss	1 386	6 362	-6 839	-2 142
Return on equity in %	**10.7 %**	**-4.9 %**	**-31.0 %**	**-11.6 %**

Return on total capital	**2024**	**2023**	**2022**	**2021**
Total capital	1 462 799	1 406 378	1 466 558	1 431 627
Average capital	1 434 588	1 436 468	1 449 093	1 482 890
Profit before taxes	82 285	-37 283	-124 320	-39 975
Interest expenses	27 403	51 910	47 429	52 664
Return on total capital in %	**7.6 %**	**1.0 %**	**-5.3 %**	**0.9 %**

Liquidity ratio	**2024**	**2023**	**2022**	**2021**
Current assets	497 115	463 752	455 432	357 058
Current liabilities	260 623	272 984	344 718	552 739
Liquidity ratio in %	**191 %**	**170 %**	**132 %**	**65 %**

Equity ratio	**2024**	**2023**	**2022**	**2021**
Total equity	809 032	755 842	507 873	339 297
Total capital	1 462 799	1 406 378	1 466 558	1 431 627
Equity ratio in %	**55.3 %**	**53.7 %**	**34.6 %**	**23.7 %**

Reason for including: Net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. Net interest-bearing debt is part of Borgestad's financial covenants (leverage ratio) and is important in understanding the capital structure.

IBD (Interest-bearing debt)	**2024**	**2023**	**2022**	**2021**
Other non-current liabilities	-	-	76 031	79 296
Mortgage debt	395 500	395 785	510 791	523 047
Bond loan	-	-	96 581	264 885
Lease liability	41 716	40 093	37 877	32 372
Bank overdraft	-	24 098	58 537	-
Total interest-bearing debt	**437 216**	**459 976**	**779 816**	**899 599**

NIBD (Net Interest-bearing debt)	**2024**	**2023**	**2022**	**2021**
IBD (Interest-bearing debt)	437 216	459 976	779 816	899 599
Cash	220 462	152 688	91 059	48 337
Total	**216 754**	**307 289**	**688 757**	**851 262**

NIBD/EBITDA	2024	2023	2022	2021
NIBD (Net Interest-bearing debt)	216 754	307 289	688 757	851 262
EBITDA	139 069	127 478	52 293	76 625
NIBD/EBITDA	**1.6**	**2.4**	**13.2**	**11.1**

Profit per share	2024	2023	2022	2021
Controlling interest's share of the profit	45 229	-78 281	-124 805	-24 077
Average no of shares	35 062	339 983	112 144	12 717
Profit per share in %	**1.29**	**-0.23**	**-1.11**	**-1.89**

Cash per share	2024	2023	2022	2021
Cash	220 462	152 688	91 059	48 337
Average no of shares	35 062	339 983	112 144	12 717
Cash per share in %	**6.29**	**0.45**	**0.81**	**3.80**

Available liquidity at end of period	2024	2023	2022	2021
Drawn on the overdraft facility	-	-24 098	-58 537	-
Overdraft facility 70 MSEK	72 051	70 910	66 172	68 215
Restricted deposits tax	-4 692	-2 174	-2 679	-3 197
Restricted deposits 1 MEUR	-11 795	-11 241	-10 514	-9 989
Cash	220 462	152 688	91 059	48 337
Available liquidity at end of period	**276 026**	**186 086**	**85 501**	**103 366**

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 2024.

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 2024 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 2024 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway, 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

Lysaker, April 25 2025
Board of Directors, Borgestad ASA

Glen Ole Rødland
Chairman

Helene Bryde Steen
Board Member

Jacob Andreas Møller
Board Member

Wenche Kjølås
Board Member

Jan Erik Sivertsen
Board Member

Pål Feen Larsen
CEO

The document is electronically signed.

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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 2024, 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 2024, consolidated statement of income, consolidated statement of 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 2024, 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 2024, 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 8 years from the election by the general meeting of the shareholders on 8 June 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 2024. 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 729,6 million kroner as of 31.12.2024. The investment property is recognized at cost. The investment property has been tested for impairment in 2024 and the recoverable amount has been determined by the management. It is referred to note 10 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. • 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.

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 statement on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

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-2024-12-31-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, 25 April 2025
Deloitte AS

Hilde B. Knudsen
State Authorised Public Accountant
(electronically signed)

Independent auditors report 2024 - Borgestad ASA

Name	Date
Knudsen, Hilde Synnøve Bruseth	**2025-04-25**

Identification

bankID Knudsen, Hilde Synnøve Bruseth

BORGESTAD ASA

www.borgestad.no