

Borgestad ASA

Investor Presentation

6 November 2023



BORGESTAD ASA

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Summary of risk factors 1/2

Risks related to the Group and the industries in which the Group operates

- The current uncertainties in global macroeconomic conditions may severely impact the Group's business and materially adversely affect the Group's revenue and operations going forward, including the ability to raise capital or secure financing and/or the ability to service debts.
- The Group's commercial real property business is highly competitive and is continuously subject to new market trends and dependent on public use. Failure to maintain key tenants or to remain attractive to the public could have a material adverse effect on the Group.
- The Group's refractory business is dependent on one material supplier, and if the agreement with this supplier is terminated or amended to less favourable terms for the Group, or if this supplier is not able to supply the Group with the quantities and qualities of refractory products required by the Group or its customers, this could have a material adverse effect on the Group's refractory business.
- The refractory business is global and highly competitive and is under continuous development which could make the Group unable to attract and retain a sufficient number of customers.
- If Höganäs Borgestad fails to enter into new customer agreements and/or retain its existing customers, this could have a material adverse effect on the Group's refractory business.
- The Group's refractory business is exposed to project execution risk, for example in relation to the supply of sufficient qualified personnel, and in particular the supply of educated and well-trained refractory bricklayers, which have been scarce during the past few years due to high demand for such workers.

Risks related to financing and market risk

- The Group will require additional capital to continue its operations within the planned scale going forward. Failure to obtain such capital through the contemplated Private Placement and/or the subsequent offering contemplated to be carried out after the Private Placement (the "**Subsequent Offering**"), the completion of the Sale-Leaseback Transaction (as described in "Risk Factors" in the Appendix to this Presentation), and/or receipt of payment in accordance with the Arbitral Award (as described in "Risk Factors" in the Appendix to this Presentation) could have a material adverse effect on the Group's business, revenues, profitability, liquidity, cash flow, financial position, prospects and/or the Group's ability to continue as a going concern. The same applies if the Group is unsuccessful in refinancing its investment loan with Pekao S.A. Bank in relation to Agora Bytom (the "**Agora Bytom Loan**").
- Existing financing agreements include, and future financing agreements may include, financial and operational covenants, and failure by the Group to meet these may entitle lenders to call for immediate repayment of amounts outstanding. For example, the Group's financing facilities include cross-default and cross-acceleration clauses which will be triggered if the Group is unable to repay its bond loan (BOR04) prior to maturity on 8 January 2024.
- The Group is exposed to financing and liquidity risk and may be unable to refinance existing debt or secure adequate financing to meet its capital requirements. For example, the Group has not entered into a final agreement for its contemplated refinancing of the Agora Bytom Loan, which matures on 30 June 2024.
- The Company is a holding company and relies principally on cash generated by its subsidiaries for its cash and financing requirements, including the funds necessary to service its debt, and if the subsidiaries are unable to transfer funds to the Company, this could have a material adverse effect on the Group.
- The Group is exposed to exchange rate fluctuations.

Summary of risk factors 2/2

Risks related to laws, regulations and litigation

- The Group is exposed to risks related to legal proceedings and claims that may arise in the ordinary course of business. The results of litigation and claims are inherently unpredictable and uncertain and, regardless of the outcome, litigation has the potential to have an adverse impact on the Group because of defence and settlement costs, diversion of management resources and other factors. Furthermore, the Group has not yet received payment after an arbitration tribunal in Vienna ruled in the Group's favour in a dispute relating to a project delivered by the Group company Macon to a customer in Russia in 2016, and if the Group is not successful in receiving payment from such customer, this could have an adverse effect on the Group.

Risks related to the Shares

- The trading volume and price of the Shares could fluctuate significantly. The price of the Shares may fluctuate due to factors that have little or nothing to do with the Group, and such fluctuations may materially affect the price of the Shares.
- Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares.

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Refractory: Höganäs Borgestad

3

Real estate: Agora Bytom

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Summary

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Appendix



Borgestad transforming into an investment company



WHY

Improve **value creation** to shareholders
Reduce complexity in the business
A **fully financed** company with a **sustainable** capital structure



WHAT

Borgestad ASA to develop into an active investor, where **Real Estate** and **Refractory** currently constitute the two most significant areas of operation



HOW

Active **portfolio management**
Create **structural optionality**
Cutting costs, **increase profitable services, improve operations, extensive use of KPIs and utilize synergies** within refractory

Real Estate



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

Parking spaces

820

Gross area

52,000 m²

Rental area

30,000 m²

Refractory



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

Founded

1797

Refractory production since

1825

Market share Nordics¹

>30%

Note: 1) Nordics excluding Denmark, based on 2022 revenues. Company estimate

Conditional sale-leaseback agreement with Bjuv municipality for the production facility

Key terms

Property value	SEK 145m
Expected closing date	March 20 th 2024
Settlement	• 60% at closing date • 20% 12 months after closing • 20% 24 months after closing
Demolition	Bjuv municipality responsible for all demolition of buildings incl. tunnel kilns. Höganäs Borgestad responsible for remove all machines etc.
Monolithic production	Agreed to be moved, will still be Höganäs Borgestad's property after completion of the transaction
New plot option	30,000 sqm at SEK 150/sqm/year
Condition for completion	Binding approval from the Municipal Council of Bjuv and certain other customary closing conditions

Comments on leasing agreement

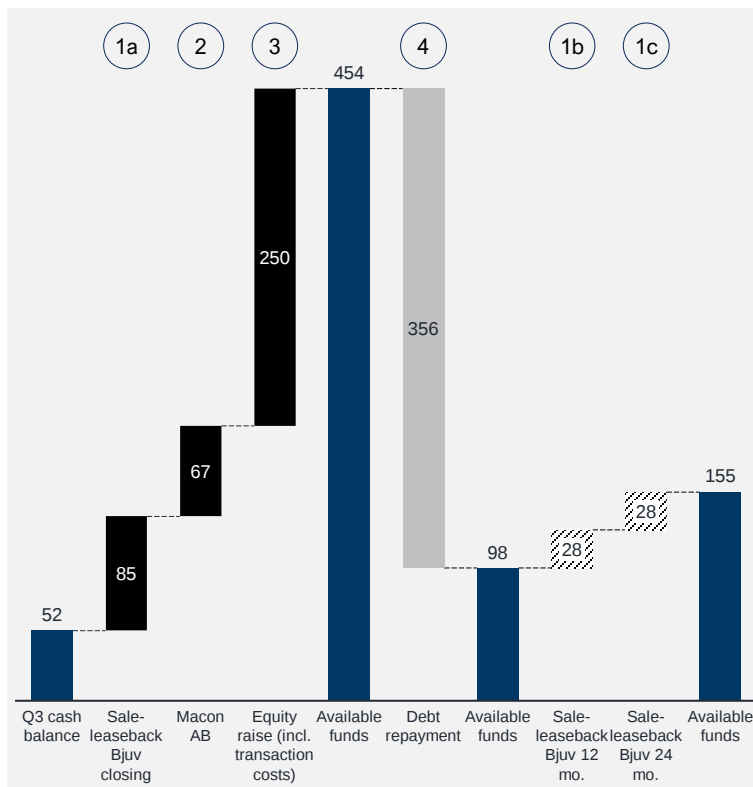
- 24 months of rent-free period from the closing date
- After 24 months, all square meters are rented at a price of SEK 200/sqm/year (estimated rental cost for Höganäs Borgestad is SEK 4.5-6m per year)
- Termination at any time: Borgestad may terminate lease agreement at any time subject to 6 months' notice



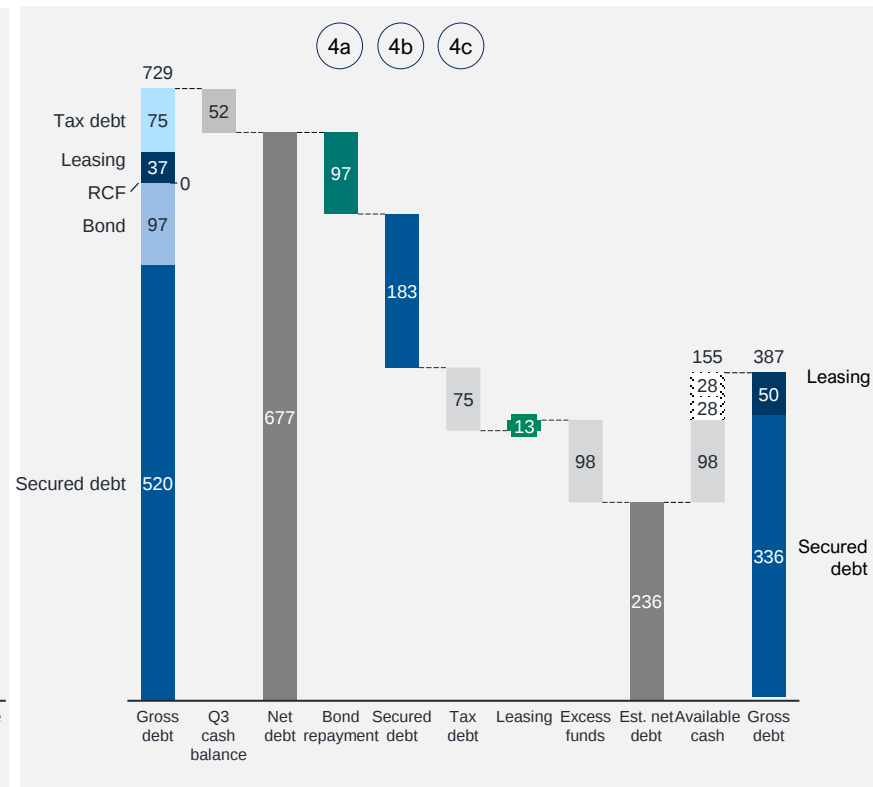
Note: Pro forma financial information (un-reviewed) for the sale-leaseback transaction for the financial year 2022 has been prepared and is included in the appendix to this Presentation.

Estimated to be fully financed with the NOK 250 million private placement

Estimated sources and uses (NOKm)



Estimated debt structure (NOKm)



Comments

- ① Höganäs Bjuv Fastighets AB; sale of property. Net cash effect estimated to be NOK 141.2m¹
 - Estimated closing 20th March 2024, payment terms:
 - ①a 60% at settlement
 - ①b 20% 12 months after settlement
 - ①c 20% 24 months after settlement
 - Closing subject to binding approval from Municipal Council of Bjuv and certain other closing conditions
- ② Macon AB: Arbitration award, NOK 67m¹
 - Arbitration won in July 2023
 - Sanctions cleared, Höganäs Borgestad has permission to receive the transfer from Russian counterparty
 - Counterparty has communicated willingness to transfer but needs permission from Russian central bank. Application sent and is being processed
 - If transfer is not approved or completed by will, the company that Macon has the claim against has several assets in Europe
- ③ Contemplated equity raise: Gross proceeds of NOK 250 million from the private placement
- ④ Debt repayment:
 - ④a BOR04: NOK 97.3m
 - ④b Bank Pekao, Agora Bytom: EUR 10 m / NOK ~120m
 - ④c Nordea: NOK ~65m
 - ④c Tax debt Höganäs Borgestad: NOK 75m

Note: 1) NOK/SEK = 1.00

Experienced Board of Directors and management



Glen Ole Rødland

Chairman

Chairman since 2023

Chairman at Prosafe and ABL Group

Previous chairman at Seadrill and Spectrum



Wenche Kjølås

Board member

Board member since 2023

COO at Grieg Maturitas

Broad experience from various board and executive positions at large Norwegian companies



Jan Erik Sivertsen

Board member

Board member since 2022

Representative of and CEO of the largest owner, Kontrari AS



Helene Steen

Board member

Board member since 2022

Representative of and CFO at SES AS, the second largest owner



Jacob Andreas Møller

Board member

Board member since 2009

6th largest owner in Borgestad

Partner at BAHR and previous Head of the M&A at Schibsted



Pål Feen Larsen

CEO

CEO since 2019

Previous CFO at Borgestad from 2015 to 2019



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New team on board with the task to improve profitability



Frode Martinussen

CEO

Experienced leader from the automotive industry

Several successes from change management and turn-around operations

Make competitive organisations by setting new standards

Selected turn-around experiences



Took Bertel O Steen Asker og Bærum from NOK -12m in EBIT to positive figures in three years



Took the company from NOK -25m in EBIT to positive figures and a sale to new owners



Increased revenues from NOK 336m to 686m and went from negative net profit to NOK 80m. Sale to new owners



Olof Esgård

CFO

Experienced CEO and CFO from manufacturing and project-oriented industries

Several successes from turn-around operations

Create analysis for management decisions and understanding

Selected turn-around experiences



Took the company from bankruptcy to EBIT margin above 14% in 2.5 years



Set up group reporting incl. analysis for 14 companies in 10 countries. Successful sale of subsidiary at >3.3x acquisition value

CEO and CFO have an incentive agreement¹ pursuant to which:

1. Bonus is paid out when shareholders of Höganäs Borgestad Holding AB are given dividend
2. Payment in connection with a future liquidity event for the shareholders

Note: 1) Incentive agreement subject to approval by Borgestad's general meeting

Introduction to the refractory industry

INTRODUCTION VIDEO TO THE
REFRACTORY INDUSTRY

WRA
World
Refractories
Association



About the refractory industry

- Refractory products are technologically advanced heat resistant, ceramic materials designed to withstand the extremely high temperatures ($>1,200^{\circ}\text{C}$) encountered in modern manufacturing
- Refractories are fundamentals for modern manufacturing and play an essential role as protectants in all heat-intensive production processes, for instance the production of steel, aluminum, copper, glass and cement. The refractory industry is thus a key player in supporting industrial growth and innovation, and these industries and their products would not exist without refractories
- Being more heat-resistant than metals, refractories are used to line the hot surfaces found inside many industrial processes, protecting furnaces and other equipment by safely containing various different materials, as they are melted, burned, shaped, or bonded
- In addition to being resistant to thermal stress and other physical phenomena induced by the heat, refractories can withstand physical wear and corrosion caused by chemical agents, making them essential in the manufacture of petrochemical products and refining of gasoline
- Refractories are supplied to customers in powders (monolithics), bricks or custom-shaped products

Source: World Refractories Association, The Refractories Institute

Main usage areas



Aluminium industry



Crematorium



Cement industry



Energy generation



Ferro-Alloy



Foundry



Glass production



Non-ferrous metals



Petro chemistry



Pulp & Paper



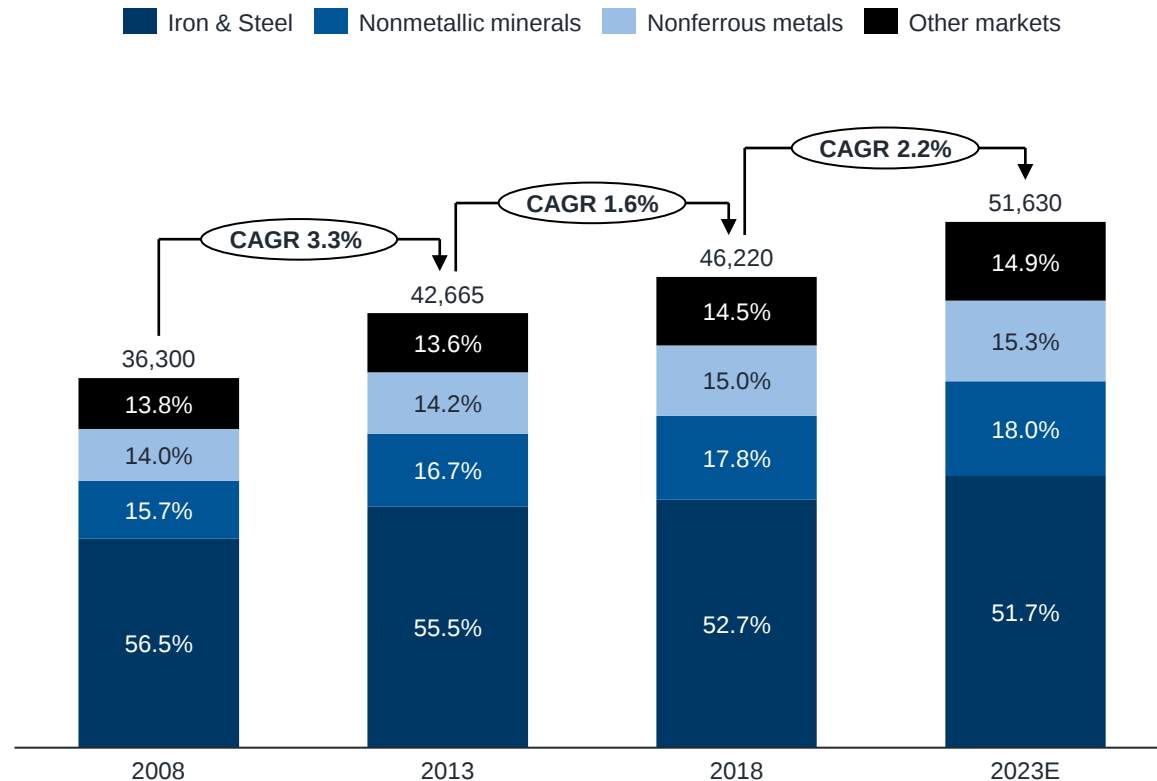
Steel



Other

Stable growth in the global refractory market

Global market (NOKm)



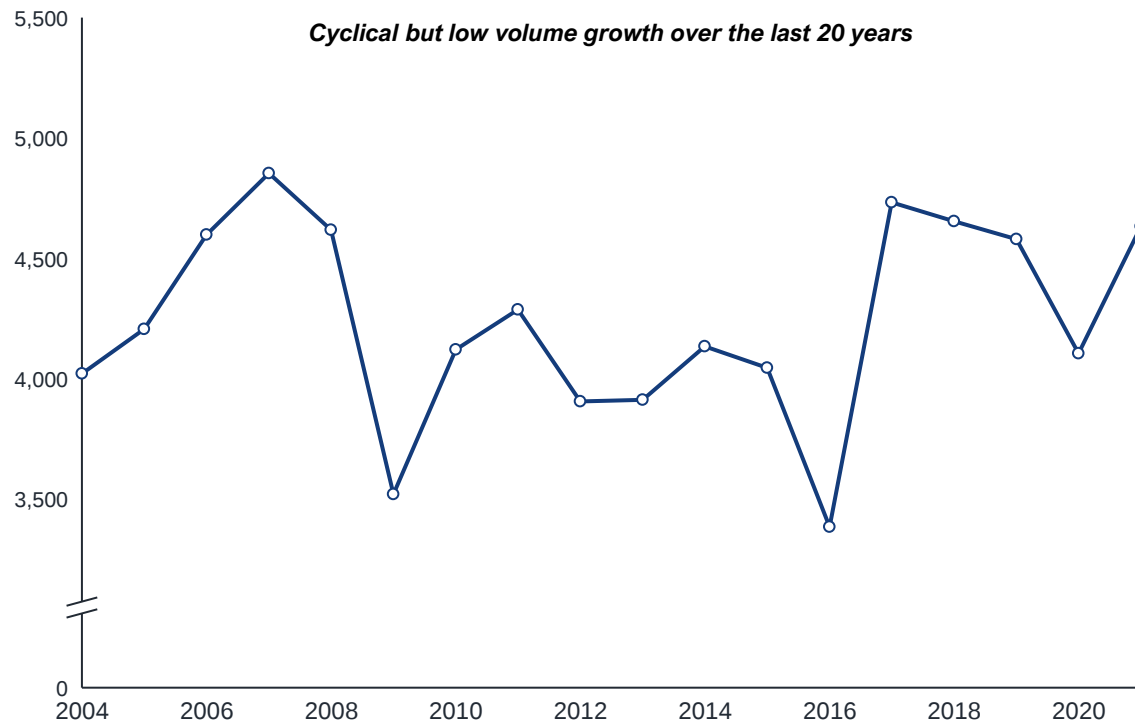
Source: Freedonia Group

Comments

- Asia and Pacific accounts for >70% of the global refractory market demand both in volume and value
- The global market growth is primarily driven by strong growth in Africa/Middle East and Asia/Pacific, while growth in European and North American markets is slower (~1-2% per year)
- Globally, bricks & shapes and monolithic are currently roughly 50/50 of the total volume, but monolithic has a significantly higher growth rate
- Global shift toward longer lasting products
- Restrictions in raw materials from China have caused higher prices internationally

The growth in the European refractory market has stagnated

Production in Europe (kilotons)



Source: Freedonia Group

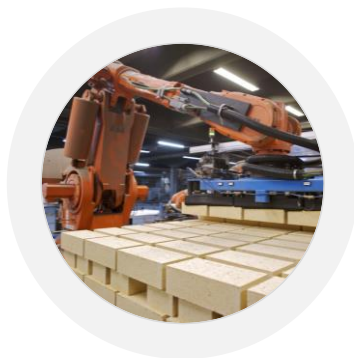
Key takeaways from the European market

- The refractory product market in Europe is mature and with relatively stable volumes
- Local Western Europe demand is cyclical with material industry (steel, cement etc.)
- Local production in Western Europe is still significantly above Western Europe demand – profitability on subscale refractory manufacturing in Europe is pressured
- Western Europe exports ~30% of production to other markets/countries
- Monolithic are slowly gaining market share versus bricks
- Due to shift to higher value products (nonclay products instead of clay products) – volume is stable, but value is increasing by about 2-3% per year
- Refractory products are about 1/3 of the market, installation is about 2/3 of the market. Installation market is local – competition is local
- In mature markets with overcapacity, consolidation and capacity adjustments are key for profitability

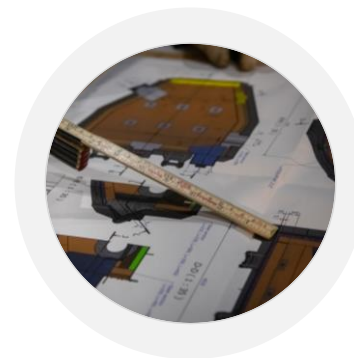
The Höganäs Borgestad equity story



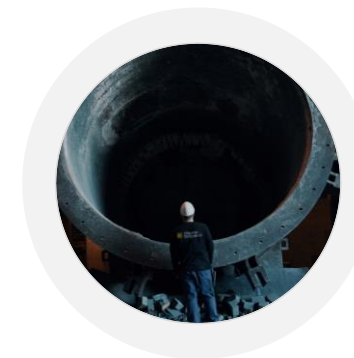
Refractory products are essential and consumable goods, featuring relatively **stable technology with minimal changes in demand**, primarily driven by cycles



Production is driven by **economies of scale**, where standard brick products are oversupplied in the market, main oversupply is because of European production

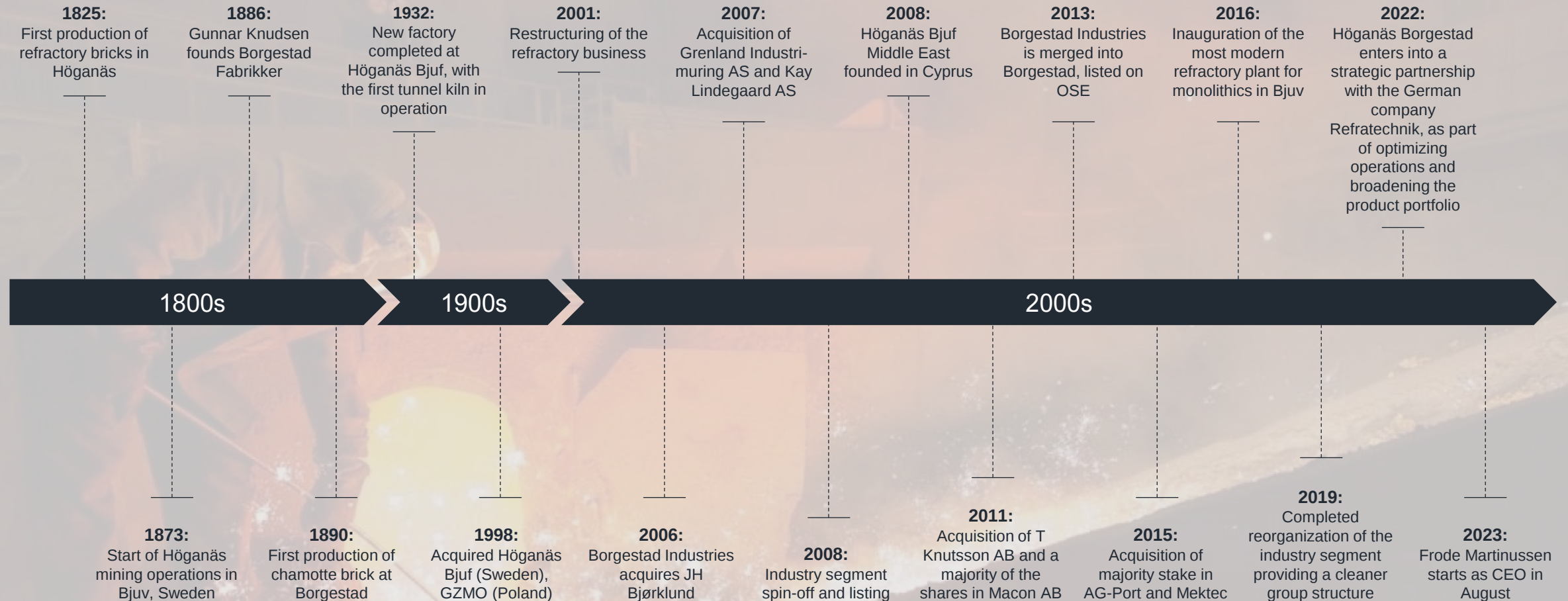


Installation market is local at site where the majority of projects is based on elapsed time and material usage. **Installations now accounting for approximately 66% of Höganäs Borgestad's operations**



Targets EBIT margin improvement to 7% over the next three years following shared Nordic resource utilization, increased expertise, shared inventory, enhanced standardization and focus on KPIs in operations

Höganäs Borgestad: Two centuries of refractory expertise



Source: Company information

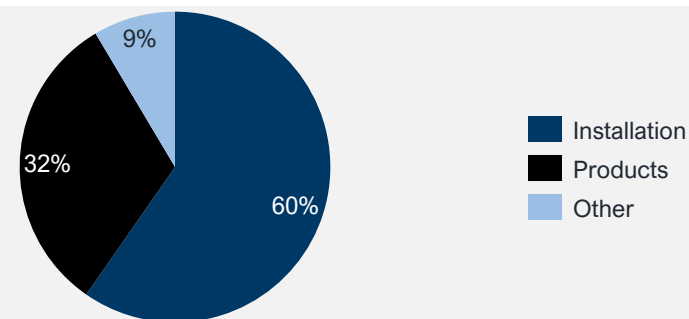
Refractory products

Comments

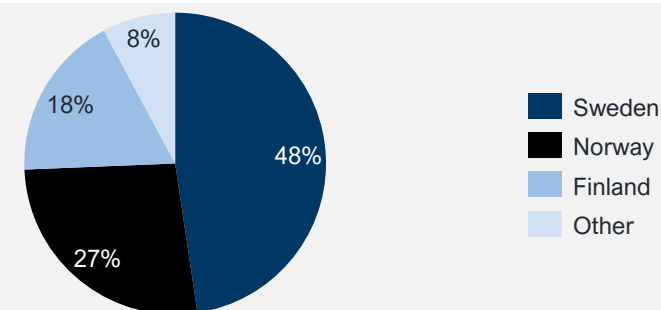
- Own production of monolithic products as well as pre-fabrication
- Offering complete refractory and high temperature solutions from design to installation for various industry segments
- Technically advanced solutions and comprehensive project execution
- Leading supplier of high temperature insulation solutions¹
- Offers a complete service of industrial furnaces and mechanical engineering including flue gas treatment

Note: 1) Leading position in the Nordic refractory market based on revenues and market share over the last 5 years. Source: Company information

Turnover split by product (2022)

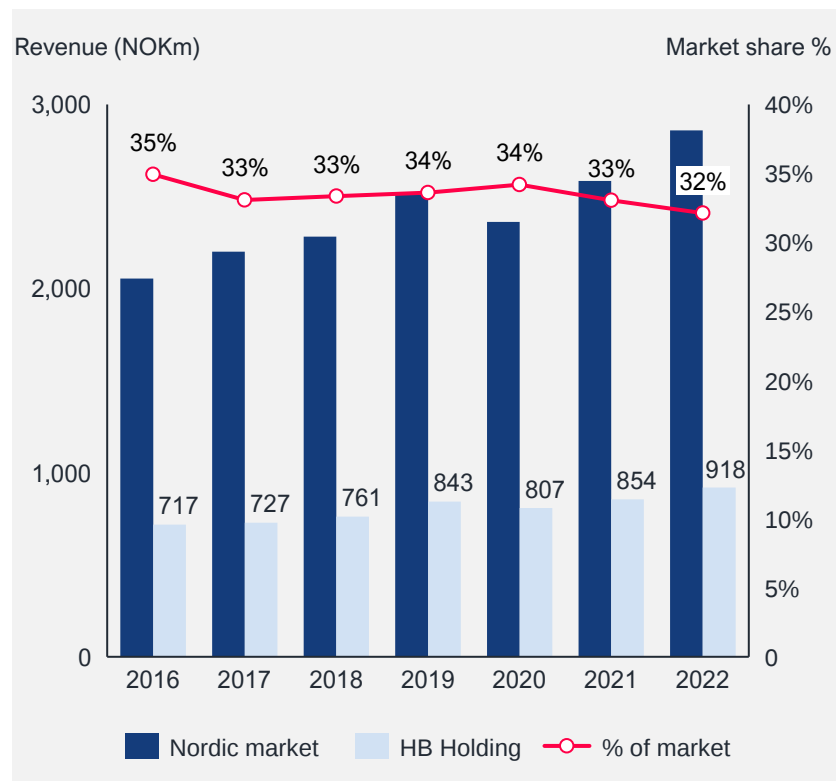


Turnover split by geography (2022)

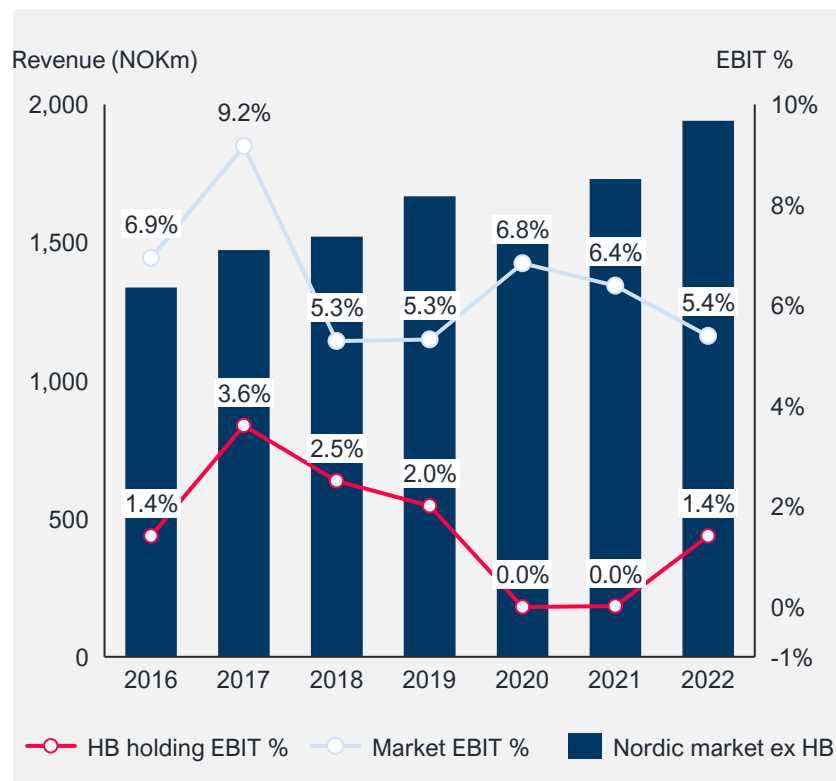


Höganäs Borgestad's position in the Nordics – significant market share – underperforming on profitability

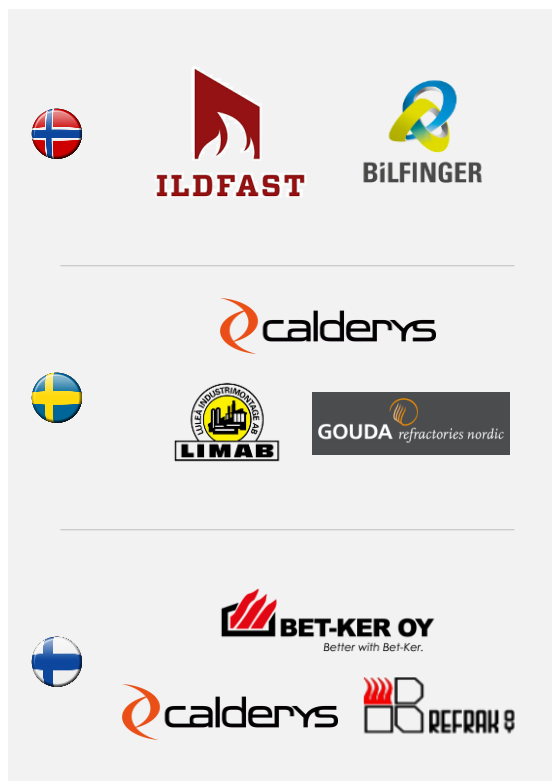
Position in the Nordics



Historical performance below Nordic peers



Largest Nordic competitors



Sources: Proff, Factset, Company information

Turnaround story: mid-term targets

Strategic priorities

- Cost cutting, exit unprofitable segments and utilize price potential
- Exploit synergies within supply chain and project management
- KPI driven operations

Position

Exploit market potential to strengthen the number 1 position in the Nordic market¹

After turnaround - M&A to further strengthen market position

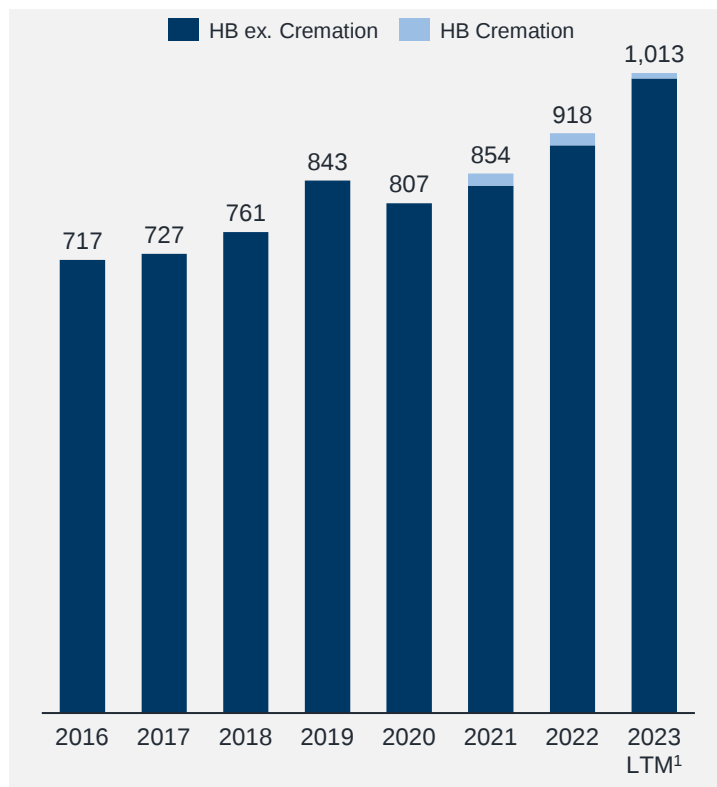
Financial ambitions

- NOK 1.1bn revenue
- 7.0% EBIT margin

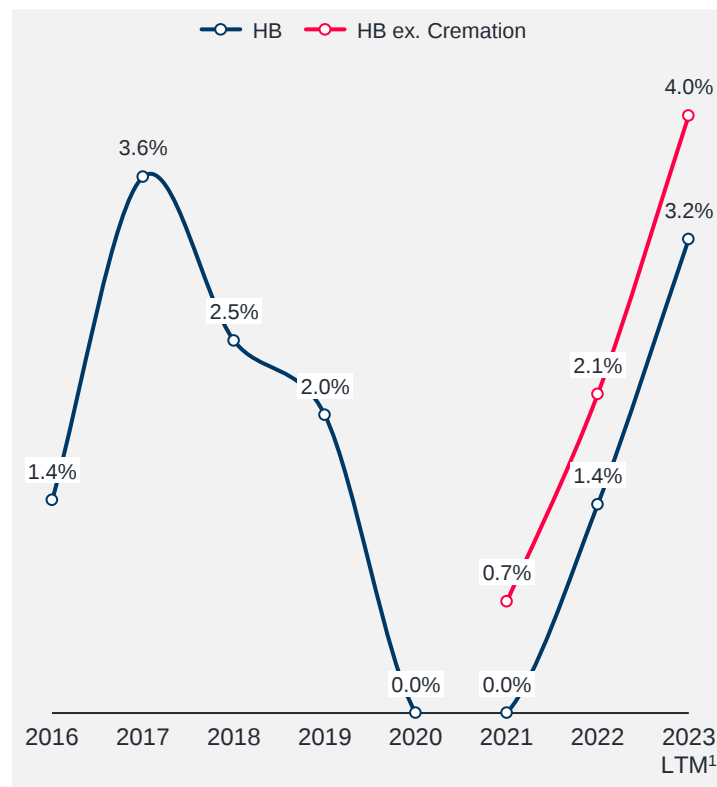
(above targets are ex. any M&A)

Margin recovery is the main short-term priority

Reported revenue (NOKm)



Reported EBIT margin



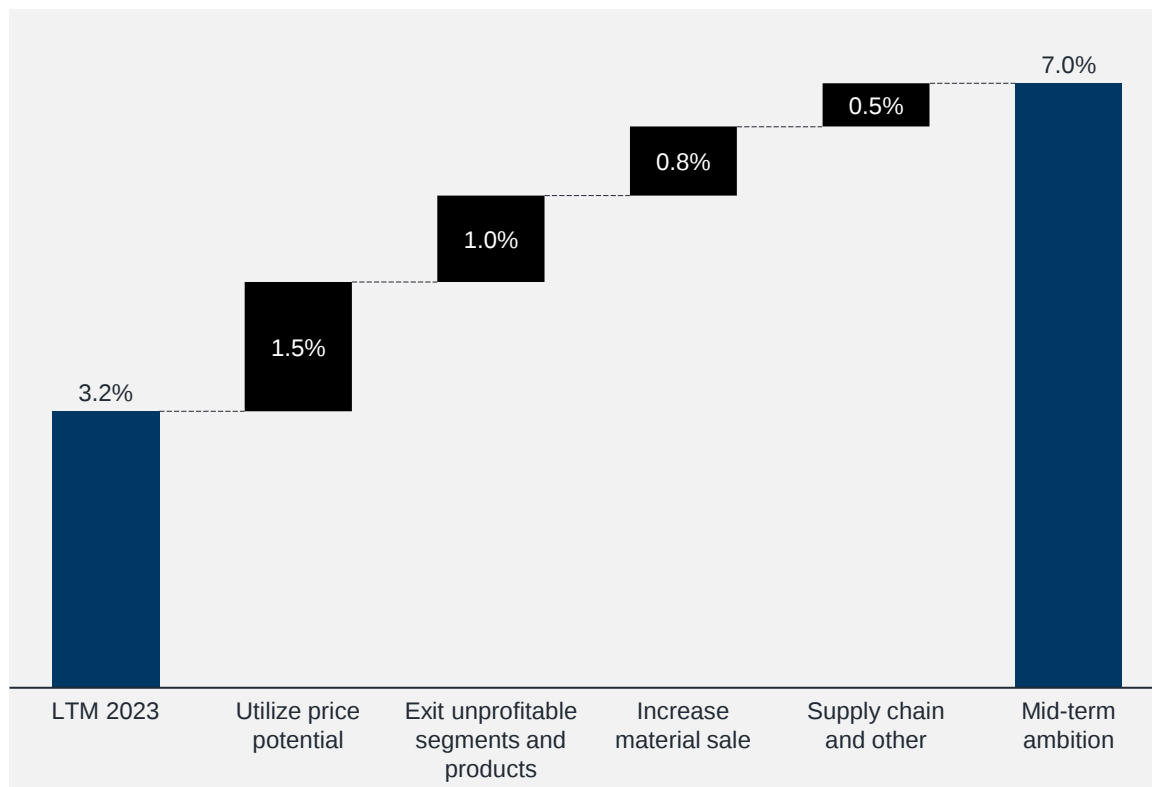
Comments

- Margin recovery will be the main short-term priority
- Exit segments/products with low profit is one of the short-term actions
- Cremation segment has had a significant negative impact on EBIT margin with NOK -6.3 million and -6.8 million contribution in 2021 and 2022, respectively. LTM 2023 negative impact of NOK -8.0 million
- Gradual elimination of cremation segment to seek to improve margin short-term by approx. 1 percentage point of the total EBIT margin in Höganäs Borgestad
- 2020 and 2021 poor performance mainly affected by the discontinuation of the standard production line of refractory bricks which was initiated in 2020 and finalized in 2021

Note: 1) 2023 LTM as of 30th September 2023. Source: Company information

Mid-term EBIT margin bridge

Target EBIT margin bridge



Comments

Mid-term revenue target

- Increase revenue from approx. NOK 1.0 billion to approx. NOK 1.1 billion

Profitability drivers

- Cost cutting people and departments
- Price utilizations projects and products
- Exit segments/products with low profit
- Implement product portfolio in Finland

Restructuring and supply chain

- Merge Macon and HB EU
- Establish a production/wholesaler company
- Implement group systems within finance project management
- Establish best-practice across borders
- Staff management across borders
- Develop standard procedure from tender to closed project
- Price/product standards and procurement

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Experienced and solid management team



Mirosław Cechowski

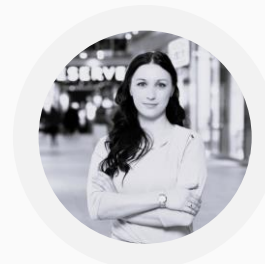
Asset manager

Previous Director of Agora Bytom for Borgestad from 2010 to 2015, and Asset manager since 2015

Previous experience from executive roles at several shopping centers in Poland, as well as marketing and sales, including Managing Director at Empik

Selected experiences

empik



Hanna Petters

Director

Marketing manager at Borgestad Poland from 2010 to 2015, and Director since 2015

Previous experience from marketing, real estate and as editor at a Polish newspaper

Selected experiences

agora
BYTOM

Operational management in Agora Bytom has an incentive plan with bonus on actual development and increase in EBITDA from year to year and on a liquidity event of the center

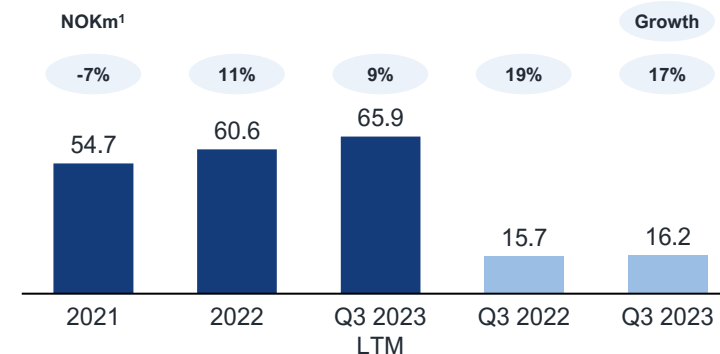
Continued increase of activity in Agora Bytom



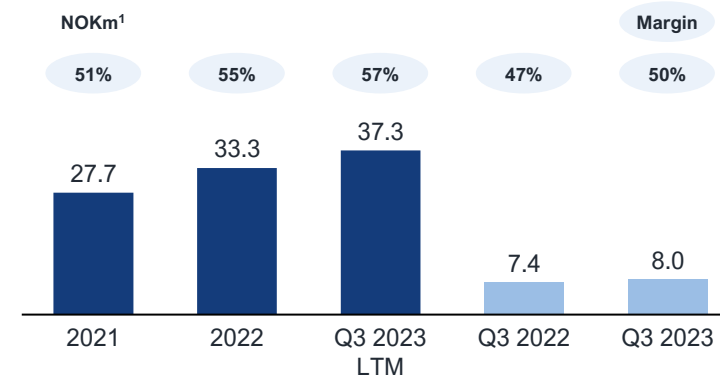
Latest trends and developments

- Turnover among the tenants increased with 4.0% Q1-Q3'2023 compared to the same period in 2022
- With 3.6 million visitors Q1-Q3'2023, the number of visitors increased with 4.5% compared to the same period in 2022
- Agora Bytom has a good position in the local market with high occupancy
- During 2023, leased areas of several tenants have been changed
- Borgestad estimates that revenue and EBITDA going forward will be relatively stable
- Currently challenging macroeconomic environment in Poland with inflation >8.0% and interest rates >6.5%, resulting in plunging retail sales

Revenue development



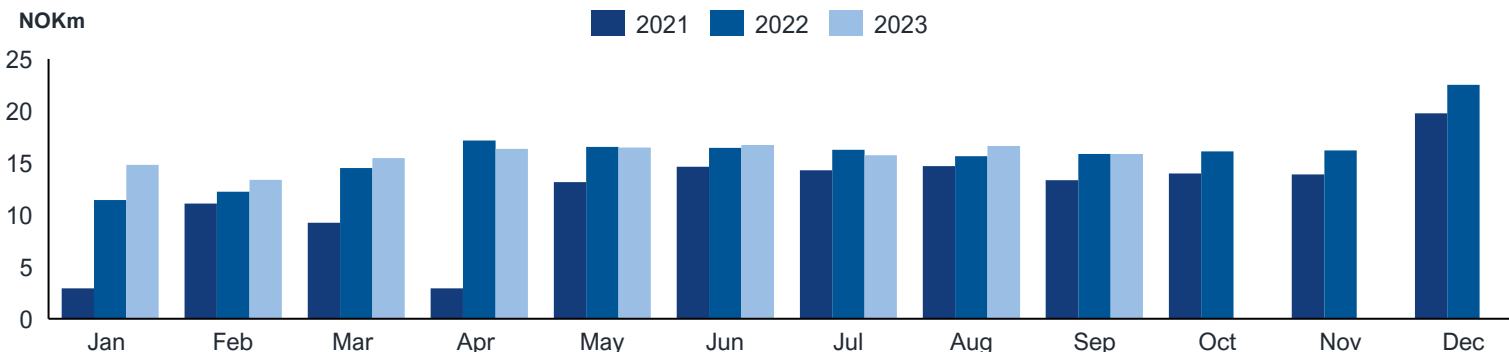
EBITDA development



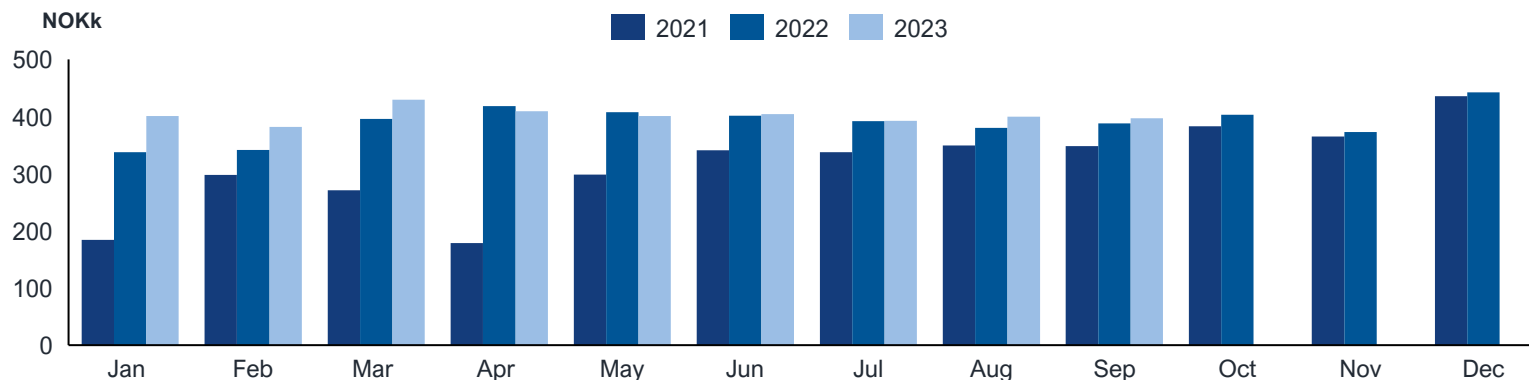
1) Figures excluding sale of Borgestad Næringspark in 2021 figures

Continued improvement in retail sales and footfall

Retail sales (turnover 2021-2023)



Footfall¹ (Agora monthly footfall 2021-2023)



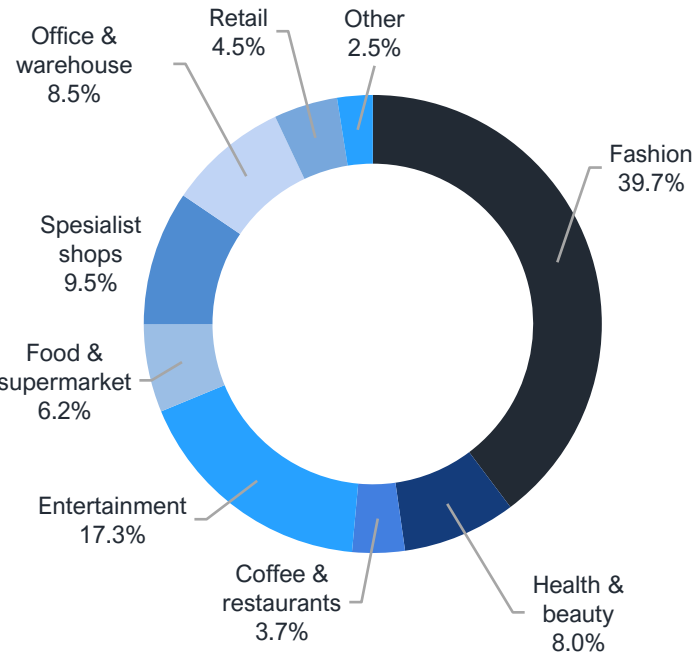
Note: 1) Footfall refers to the number of customers to enter the shopping center.
Source: OECD, Company information

Comments

- Turnover at Agora Bytom was up 6.9% LTM end of September 2023 compared to LTM end of September 2022
- By September-end 2023, footfall improved by ~2.4% year-on-year, while LTM end of September 2023 footfall increased by 4.1% compared to LTM end of September 2022
- The Polish economy has slowed down a little, with GDP decreasing with 0.5% in June 2023 (YoY)
- Registered unemployment at 5.0% as of August 2023, which is an increase of 0.2% compared to August 2022
- Inflation decreased to 8.2% for September 2023 (YoY), compared to peak at 18.4% in February 2023 (YoY)
- Consumer confidence increased to -20 points in September 2023, after falling to -44 points in June 2022

Diversified tenant base

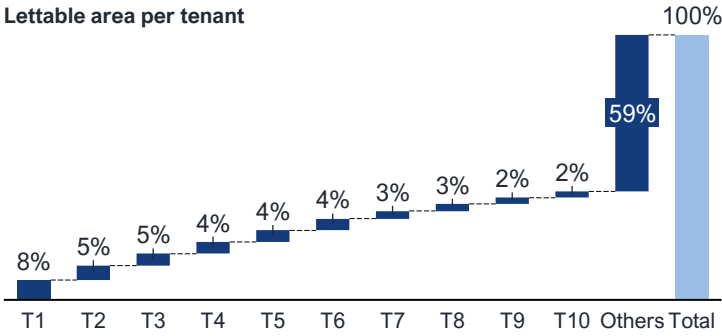
Highly diversified tenant base



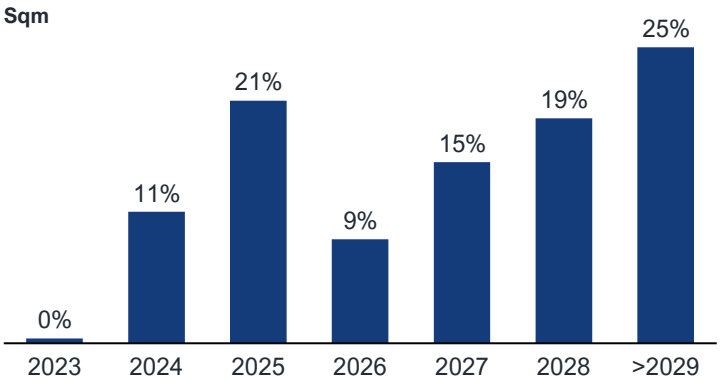
Comments

- WAULT¹ by area: 3.67 years
- WAULT¹ by income: 3.44 years
- Due date for top ten tenants are spread, first due date in 2024, then next in 2027
- Several ongoing negotiations with potential new leases
- Contract duration risk has decreased heavily after Covid-19

Highly diversified tenant base



Contract duration



Note: 1) Weighted average unexpired lease term. Source: Company information

Contemplated extension of current loan with Bank Pekao

Key terms

New loan amount	EUR 29,900,000 Repayment of the current loan amount by EUR 10,000,000 at the time of the loan extension
Maturity	No later than 31.12.2028
Rate	EURIBOR 1 month plus 2.8%
Up-front fee	0.9% of the amount of the investment loan, payable from own funds
Repayment schedule	Capital repayments in monthly instalments No capital repayment required in the first 27 months
LTV ratio	Max. 60%, but at the time of the Loan extension LTV cannot exceed 55%
ISCR ratio	Min. 1.9

Comments

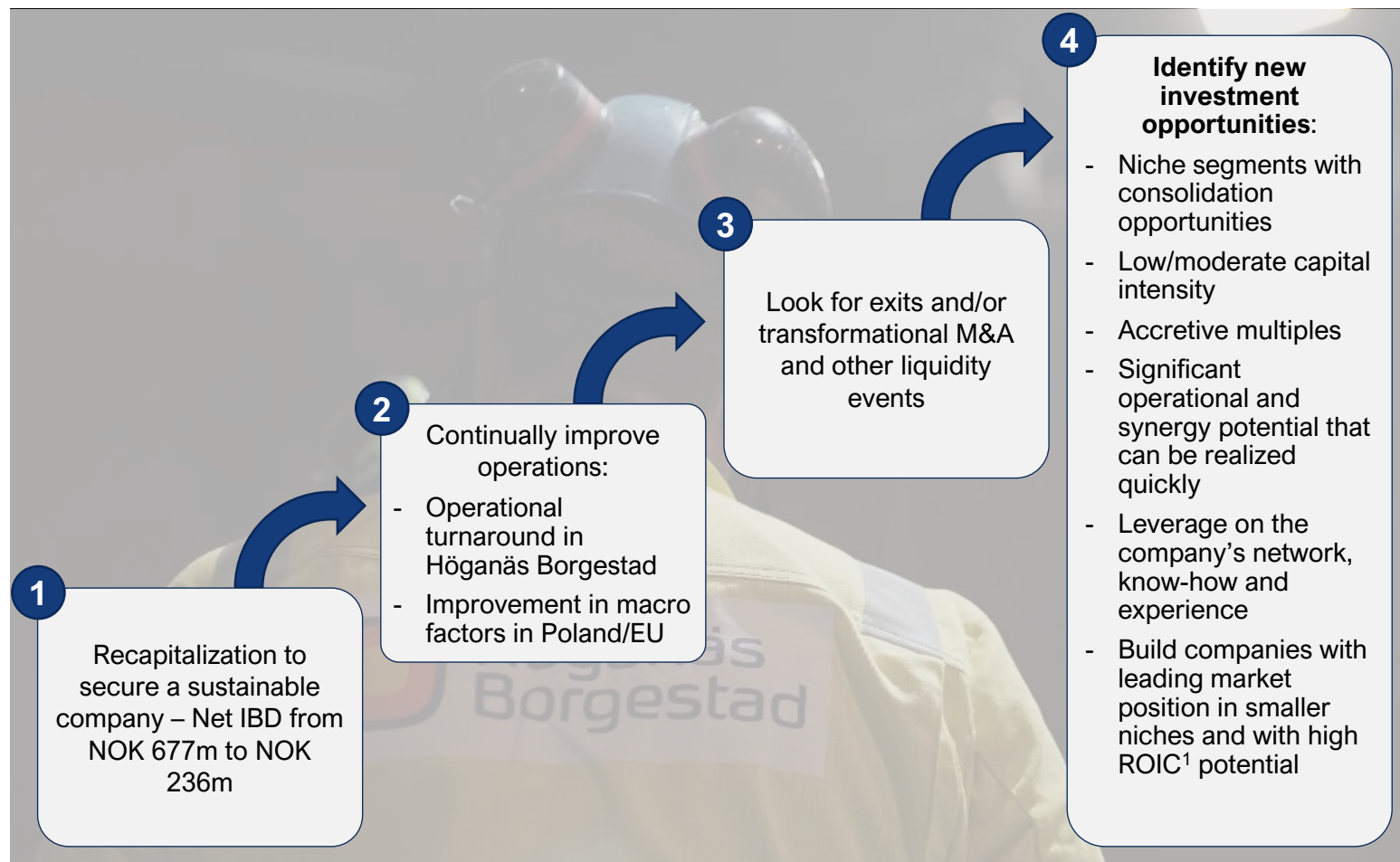
- Term sheet for the key term amendments entered into. Amendments are subject to the EUR 10 million repayment, entry into of final amendment agreement and certain other closing conditions
- Other terms of the current loan facility will remain unchanged, including the EUR 5 million guarantee from Borgestad ASA
- Extension of current loan facility with Bank Pekao for five years will secure stable financing for the project
- With the new repayment schedule Agora Bytom will improve cash situation significantly and will have the possibility to decrease the debt further with up to EUR 3 million without additional prepayment costs or funding for Borgestad
- IRS SWAP¹ at 80% of outstanding loan amount, from 1.7.2024 until maturity. IRS SWAP effective today will be in place until 30.06.24, at a cost of 0.3%

Note: 1) Interest rate swap

- 1 Introduction
- 2 Refractory: Höganäs Borgestad
- 3 Real estate: Agora Bytom
- 4 Summary**
- 5 Appendix



Summary and long-term ambitions



Comments: A total turnaround ahead

- October 2023 – Borgestad an over-leveraged “industrial company” with low cash flow and no dividend/return to shareholders
- December 2023 – Borgestad contemplated to be a refinanced and deleveraged company with significant operational improvement potential in the mid-term
- Develop the investment and operational team in Borgestad
- 2025 – Borgestad contemplated to be a well financed industrial investment company focusing on mature niches in business with a potential for operational improvements, consolidation potential, significant free cashflow and solid ROIC¹ and high dividend capacity
- Borgestad will aim to pay extraordinary dividend when investments are sold. Similarly, any new investments expected to be validated by the shareholders as Borgestad will do new issues of shares to partly finance new investments

Note: 1) Return on invested capital

- 1 Introduction
- 2 Refractory: Höganäs Borgestad
- 3 Real estate: Agora Bytom
- 4 Summary
- 5 Appendix



Overview of existing shareholders

	Name	Person behind	# of shares	Ownership
1	Kontrari AS	Frode Teigen	25,000,000	16.4%
2	SES AS	Bertel O. Steen	21,112,776	13.8%
3	Clearstream Banking S.A.	Nominee account	10,662,691	7.0%
4	Auris AS	Odd Rune Austgulen	7,975,729	5.2%
5	Intertrade Shipping AS	Øyvind Anders Brøymer	7,050,000	4.6%
6	Dione AS	Jacob Andreas Møller	5,806,666	3.8%
7	North Sea Group AS	Kurt Oddvar Austrått	5,600,000	3.7%
8	Skåla Bær AS	Andreas Torhus	5,200,000	3.4%
9	Regent AS	Gudmund Joar Bratrud	4,900,972	3.2%
10	Jahatt AS	Jakob Hatteland	4,000,000	2.6%
11	Suveren AS	Gudmund Joar Bratrud	3,306,124	2.2%
12	Brødrene Jensen AS	Brødrene Jensen (investment company)	3,140,289	2.1%
13	Lars Aage Haaland Christiansen	Lars Aage Haaland Christiansen	2,425,128	1.6%
14	Sparebank 1 Sørøst-Norge	Sparebank 1 Sørøst-Norge	2,302,477	1.5%
15	Per Langballe	Per Langballe	2,071,395	1.4%
16	AR Vekst AS	Arne Risøy	1,871,738	1.2%
17	Aubert Invest AS	Aubert family	1,812,536	1.2%
18	Gudmund Joar Bratrud	Gudmund Joar Bratrud	1,770,183	1.2%
19	Batjak AS	Morten C. Christoffersen	1,177,608	0.8%
20	LGT Bank AB	Nominee account	1,103,557	0.7%
Top 20			118,289,869	77.6%
Total			152,490,851	100.0%

Valuation of Agora Bytom

Property value estimation (EUR)	Low case	Base case	High case
Lease signed	5,966,797	5,966,797	5,966,797
Vacancies	479,196	479,196	479,196
Rental income	6,445,993	6,445,993	6,445,993
Average rental income per sqm per month	16.2	16.2	16.2
Parking income	197,335	197,335	197,335
Potential rental income	6,672,149	6,672,149	6,672,149
Structural vacancy	-192,243	-192,243	-192,243
Service charges shortfall	-1,089,303	-1,089,303	-1,089,303
Operating expenses	-1,283,545	-1,283,545	-1,283,545
Net operating income	5,388,604	5,388,604	5,388,604
Achieved yield	8.50%	8.25%	8.00%
Property value	63,395,342	65,316,412	67,357,550
Non-recoverable costs			
6 months void for vacant contracts	-239,598	-239,598	-239,598
Total	-239,598	-239,598	-239,598
Property value (adjusted)	63,155,000	65,077,000	67,117,000

Comments

- Valuation conducted in September 2023 by an independent Norwegian investment bank
- Estimate based on two valuation approaches: 1) real estate yields from comparable transactions, and 2) discounted cash flows over 10 years
- Rental revenues set to EUR 16.2 per square meter per month in the low case, equal to current levels of contracted tenants
- Inflation assumed to 3.5% per year, equal to Poland's inflation target, and structural unemployment set to 3.0% of annual rental revenues
- Prime yield for retail in Poland reported at 6.25%, Agora Bytom valued at 8.25% yield

Pro forma financial information for the sale-leaseback transaction for 2022 (1/2)

Unaudited pro forma profit and loss for 2022 (in NOK thousands)
As if the transaction had taken place on 1 January 2022

	Borgestad ASA consolidated (audited)	Pro forma adjustments	Pro forma financial information (unaudited)
Operating income and operating expenses			
Revenue	918,773	-	918,773
Other income (net)	12,953	108,635	121,588
Revenue and other income	931,726	108,635	1,040,361
Depreciation	31,799	(107)	31,692
Other operating costs	970,775	-	970,775
Operating result	(70,848)	108,742	37,894
Interest expenses	(47,429)	2,701	(44,728)
Other financial income/(expenses)	(6,043)	2,027	(4,016)
Net financial items	(53,472)	4,727	(48,745)
Income before taxes	(124,320)	113,469	(10,851)
Tax	(1,789)	(1,064)	(2,853)
Net income/(loss) for the year	(126,109)	112,406	(13,703)

Note: The pro forma financial information has not been reviewed by the Company's auditor and remains subject to change

Pro forma financial information for the sale-leaseback transaction for 2022 (2/2)

Unaudited pro forma balance sheet as of 31 December 2022 (in NOK thousands) As if the transaction had taken place on 31 December 2022

	As of 31 December 2022 (audited)	Pro forma adjustments	Pro forma financial information (unaudited)
Assets			
Buildings and plant	52,934	(12,814)	40,120
Right-of-use asset	33,352	2,935	36,220
Other financial assets	37,572	25,568	63,140
Other non-current assets	887,268	-	887,268
Total non-current assets	1,011,126	15,690	1,026,816
Other receivables	14,508	26,409	40,917
Other current assets	349,865	-	349,865
Bank deposits	91,059	-	91,059
Total current assets	455,432	26,409	481,841
Total assets	1,466,558	42,098	1,508,656
Equity and liabilities			
Paid-in capital	487,793	-	487,793
Other equity	20,079	108,635	128,714
Total equity	507,872	108,635	616,507
Lease liability	29,008	12,112	41,120
Other non-current liabilities	584,960	(70,995)	513,965
Total non-current liabilities	613,967	(58,883)	555,085
Loans from credit institutions	30,533	(7,654)	22,879
Bank overdraft	58,537	-	58,537
Other current liabilities	255,648	-	255,648
Total current liabilities	344,718	(7,654)	337,064
Total equity and liabilities	1,466,558	42,098	1,508,656

Note: The pro forma financial information has not been reviewed by the Company's auditor and remains subject to change

Alternative performance measures

In order to enhance investors' understanding of the Group's performance the Company presents in this Presentation certain alternative performance measures ("APMs") as defined by the European Securities and Markets Authority its Guidelines on Alternative Performance Measures 2015/1057. The APMs used by the Group, and relevant reconciliations, are set out in the Company's Q3 2023 financial statements on page 25-27.

Risk factors



Risk Factors

An investment in the Company involves high risk. A number of risk factors may adversely affect the Group. The risks listed below are not the only ones facing the Group. Additional risks not presently known to the Company or which the Company currently deems immaterial may also adversely affect the Group. If any of the risks to which the Group is exposed should materialise, either individually, cumulatively or together with other circumstances, such could have a material adverse effect on the Group and its results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. Prospective investors should carefully consider the risks involved in an investment in the Company, including, but not limited to, those discussed below. Prospective investors should consult their own legal, tax and financial advisors as to all of these risks and an investment in the Company. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. These risks should also be considered in connection with the “Important Information” on pages 2 and 3.

Risks factors (1/7)

Uncertainties in macroeconomic conditions may have a material adverse effect on the Group	The global economy has been deeply affected by the outbreak of the corona virus SARS-CoV-2 ("COVID-19"). The outbreak of COVID-19, and the extraordinary health measures and restrictions imposed by authorities across the world on a local and global basis, have had a severe impact on companies and markets globally and locally. Although restrictions resulting from COVID-19 have generally been repealed globally, there is still uncertainty as to the duration and the effects on the world economy in the aftermath of COVID-19. This may result in a prolonged reduction in the level of activity in the Norwegian, Nordic and Polish economy as well as the global economy. A prolonged reduction in activity may severely impact the Group's customers and financial investments and could in turn negatively affect the Group's revenue and operations going forward, including the Group's ability to raise capital or secure financing and/or its ability to service its debts. The uncertainties in relation to the geopolitical tension in Europe and globally due to Russia's invasion of Ukraine have also led to supply chain disruptions and price volatility for raw materials. As an example, in 2022, the Group experienced challenges with logistics and higher prices for raw materials and energy which resulted (in some cases) in the Group's suppliers not being able to provide products or raw materials or other supplies on a timely basis. Further, the Group's commercial real property business has been, and may continue to be, severely adversely affected by the general economic downturn. In 2022 and 2023, increased inflation and interest rates have caused economic uncertainty which have had and may continue to have a negative impact on the required return (yield) for property valuation. This has also affected the valuation of Agora Bytom, which is the Group's largest investment. The current general economic downturn may have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.
The Group's commercial real property business is highly competitive, continuously subject to new market trends and dependent on public use	The shopping centre Agora Bytom, being the Group's largest investment (amounting to more than 49.7% of the value on the Group's balance sheet as of 30 September 2023), is dependent on having frame agreements with key tenants such as international chains and major local brands to attract customers to the shopping centre. Furthermore, with new trends in the retail business, such as e-commerce, the Group must be able to enter into tenancy agreements with other type of tenants, such as restaurants and experience providers (e.g. cinemas and sport and activity providers) in order to maintain the same level of visitors to Agora Bytom. The extraordinary measures imposed by authorities worldwide, including in Poland, to contain COVID-19 have had a large impact on the world economy and have led to a decrease in the public's use of shopping centres, including Agora Bytom. Since the World Health Organization declared the COVID-19 virus a pandemic in March 2020, Agora Bytom has on several occasions been partly locked down due to increasing COVID-19 infections. Although restrictions resulting from COVID-19 have generally been repealed globally, there is still uncertainty as to the duration and the effects on the world economy in the aftermath of COVID-19. There are also still industries that have repercussions after COVID-19, especially restaurants and cafes. For the aforementioned industries, it has been challenging as customers have not returned at the same level as before the COVID-19 pandemic. If Agora Bytom were to lose any key tenants which are not replaced with tenants of the same quality, if shopping centres in general, and Agora Bytom specifically, are not able to remain attractive to the public or if extraordinary measures are imposed by the authorities in Poland to contain new waves of the COVID-19 virus or any other outbreaks of viruses or other infectious diseases, Agora Bytom may in the future not be able to attract a sufficient number of customers to generate adequate revenues for the Group to cover its operating expenses and/or service its debts. If the above risks were to materialise, this could have a material adverse effect on the Group's business, results of operations, cash flows, liquidity, financial condition and/or prospects.

Risks factors (2/7)

The Group's refractory business is in particular dependent on one material supplier	Höganäs Borgestad entered into a strategic resale agreement for the purchase of standardized refractory products with the German company Refratechnik Cement GmbH and Refratechnik Steel GmbH (jointly "Refratechnik") effective 1 April 2021. As a result of said agreement, Höganäs Borgestad closed down its production of standardized refractory products at its refractory facility in Bjuv, Sweden with effect from October 2021, however so that it continues to manufacture refractory monolithic and hand shaped refractory products. The agreement with Refratechnik includes an exclusivity clause whereby Höganäs Borgestad is restricted from buying refractory bricks from producers other than Refratechnik. This means that Höganäs Borgestad is dependent on competitive pricing on the refractory bricks from Refratechnik. Due to the exclusive character of the agreement, the Group's refractory business is to a significant extent dependent on Refratechnik delivering standardized refractory products of the quality expected by Höganäs Borgestad and its customers, on time and in the quantities ordered. If Höganäs Borgestad's agreement with Refratechnik is terminated for any reason or amended to less favourable terms for the Group, if Refratechnik is not able to supply Höganäs Borgestad with the quantities and qualities required by Höganäs Borgestad or its customers, this could have a material adverse effect on the Group's refractory business, results of operations, cash flows, liquidity, financial condition and/or prospects.
The refractory business is global and highly competitive and is under continuous development which could make the Group unable to attract and retain a sufficient number of customers	The global nature of the refractory business makes it highly competitive. As customer contracts generally are awarded on a competitive bid basis, with pricing often being the decisive factor for being awarded contracts, the entrance of low-cost providers of refractory products, especially from Eastern Europe and Asia, may influence the Group's market and lead to higher competition. Furthermore, the introduction of new products and services, market acceptance of products and services based on new or alternative technologies, or the emergence of new industry standards in the refractory business could render the products sold by the Group obsolete or make it easier for other products or competitors to compete with its products and services. If the Group fails to have refractory products available which meets the customer demand, this could have a material adverse effect on the Group's refractory business, results of operations, cash flows, liquidity, financial condition and/or prospects.
The Group's refractory business is dependent on Höganäs Borgestad entering into new customer agreements and/or retaining its existing customers	The Group's revenue from the refractory business is dependent on Höganäs Borgestad entering into new customer agreements and/or retaining its existing customers. If Höganäs Borgestad fails to enter into new customer agreements and/or retaining its existing customers, this could have a material adverse effect on the Group's refractory business, results of operations, cash flows, liquidity, financial condition and/or prospects.
The Group's refractory business is exposed to project execution risks	Planning and execution of refractory installation projects require skilled and qualified personnel. In order for the Group to be able to execute installation projects timely and with a high quality standard, the Group is dependent on having sufficient skilled personnel available, and especially educated and well trained refractory bricklayers. The Group is dependent on the supply of bricklayers from a limited number of suppliers in order to execute the installation projects. During the past few years, the Group has experienced reduced access to bricklayers due to high demand for such workers throughout Europe. The Group's ability to renew or extend existing contracts with suppliers for personnel, or enter into new contracts, is dependent on the number of bricklayers educated and the prevailing market conditions, including the general supply of, and demand for, bricklayers. If supplier contracts for the required personnel are not renewed or replaced upon expiry or termination, or if the suppliers do not honour their obligations pursuant to the contracts, this could have a material adverse effect on the Group's refractory businesses, results of operations, cash flows, financial condition and/or prospects.

Risks factors (3/7)

The Group will require additional capital to be able to continue its operations within the planned scale

Although the Company intends to use the net proceeds from the Private Placement (i) to repay the bond loan (BOR04) with an outstanding principal amount of approx. NOK 100,000,000 (the **"Bond Loan"**) as per 30 September 2023 in full, (ii) to carry out a partial repayment of the mortgage loan with Agora Bytom Sp. z o.o. as borrower with an outstanding amount of approx. EUR 40.4 million as per 30 September 2023 and (iii) for general corporate purposes, the Group will require additional capital to continue its operations within the planned scale going forward.

The Group plans to secure such capital through (i) the completion of a sale and leaseback transaction regarding the two properties in Sweden where the Group's production plant and other production facilities for refractory products are located (the **"Sale-Leaseback Transaction"**), (ii) receipt of payment in accordance with the arbitral award described below and/or (iii) any net proceeds from the Subsequent Offering contemplated to be carried out after the Private Placement. Furthermore, the Group contemplates to extend the maturity of Agora Bytom Loan through the intended refinancing of such loan.

Through the Sale-Leaseback Transaction, the Group will sell the two relevant properties, including the production facilities, to Bjuv municipality, and thereafter lease the relevant production facilities to continue the current production of refractory products. Completion of the Sale-Leaseback Transaction is conditional upon binding approval from the Municipal Council of Bjuv and certain other customary closing conditions. Although the Company is confident that such closing conditions will be satisfied within the agreed deadline (31 December 2024), no assurance can be given to this effect. Completion of the Private Placement is only made conditional upon the initial approval from the Municipal Council of Bjuv being obtained and not on such approval having become binding (following of the expiry of an appeal period or the resolution of any appeals) and the other closing conditions having been satisfied. If said approval does not become binding, or the other closing conditions are not satisfied or waived, the Sale-Leaseback Transaction will not be completed. There is consequently a risk that the Private Placement will be completed without the Sale-Leaseback Transaction being completed (and without the Group receiving the purchase price from said transaction).

Pursuant to the arbitral award further described in the risk factor "Risk related to legal proceedings" in below, a Russian customer of the Group company Macon AB (**"Macon"**) has been ordered to pay Macon approximately EUR 2.75 million (excl. VAT), with the addition of interest of 9.2% per annum on an amount of approximately EUR 2.49 million from 22 October 2016 until payment takes place, and to cover Macon's legal costs of approximately NOK 18 million (the **"Arbitral Award"**). Although the Russian customer has expressed willingness and ability to pay, and is not on any sanction list, it has proven time-consuming to arrange for the payment to be made due to the current political and geopolitical instability. Macon has not yet received payment and it is uncertain when the payment will be made.

The Company intends to carry out the Private Placement and the Subsequent Offering and receive the net proceeds therefrom. As the Private Placement and the Subsequent Offering are not underwritten, there can, however be no assurance that the Company will receive net proceeds from the Private Placement and the Subsequent Offering of a certain amount or at all.

The Group has entered into a term sheet with Pekao S.A. Bank to extend the maturity of the Agora Bytom Loan from 30 June 2024 to 31 December 2028 and make certain other amendments to the key terms of such loan as described in this Presentation. The amendments will only enter into force upon the Group's repayment of EUR 10 million of the loan, the entry into of a binding loan agreement and satisfaction of certain other closing conditions. Consequently, there can be no assurance that the contemplated amendments will be achieved.

If the Sale-Leaseback Transaction is not completed, payment is not received in accordance with the Arbitral Award, a sufficient amount of net proceeds are not raised in the Private Placement and Subsequent Offering and/or the maturity date of the Agora Bytom Loan is not extended, the Group may need to improve its working capital situation, for example through a deferment of loan repayments, or seek to raise additional capital. There can be no assurance that the Group will be able to improve its working capital situation. Furthermore, if the Group in the future requires additional capital for the above-mentioned reason or any other reason, there is a risk that adequate sources of funds may not be available on acceptable terms or at all. If the Group raises additional funds by issuing additional Shares or instruments convertible into Shares, the existing shareholders may be significantly diluted.

If the Group for any reason does not obtain additional funding as needed, this could have a material adverse effect on the Group's business, revenues, profitability, liquidity, cash flow, financial positions, prospects and/or the Group's ability to continue as a going concern.

Risks factors (4/7)

The Group could be unable to comply with the obligations, restrictions and financial covenants in agreements governing its indebtedness	If the Group is unable to comply with restrictions and covenants in the agreements governing its indebtedness or in current or future debt financing agreements, there could be a default or cancellation under the terms of those agreements. The Group's ability to comply with such restrictions and covenants, including meeting financial ratios and measures, is dependent on its future performance and financial development. The Group has inter alia covenants relating to minimum requirements with respect to equity ratio, interest coverage ratio and debt-service coverage ratio, changes in shareholders, minimum ratio between EBITDA and net interest-bearing debt and loan to value. The Group's bond loan matures on 8 January 2024 and the Agora Bytom Loan matures on 30 June 2024. If the Group is not able to repay the bond loan through the proceeds from the Private Placement or extend the maturity date of the Agora Bytom Loan through the contemplated refinancing of such loan, this will have a material adverse effect on the Group. If a default occurs under any of the Group's loan agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed under the relevant facility due and payable. Borrowings under debt arrangements that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable. For example, the Group's financing facilities include cross-default clauses which will be triggered in the Group is unable to repay its bond loan (BOR04) prior to maturity on 8 January 2024. In addition, certain of the Group's financing agreements include change of control provisions which, if triggered, could result in the Group having to immediately prepay all amounts, including interest, accrued and owing under the relevant facility. If any of the above-mentioned events occur, the Group cannot guarantee that its assets will be sufficient to repay in full the relevant outstanding indebtedness, the value of the assets may be negatively influenced and the Group may be unable to find alternative financing. Even if the Group could obtain alternative financing, that financing might not be on terms that are favourable or acceptable. The occurrence of such events could have a material adverse effect on the Group's financing, business, results of operations, cash flows, liquidity, financial condition and/or prospects and/or the Group's ability to continue as a going concern.
The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional capital, in pursuing other business opportunities or corporate activities or the Company's ability to declare dividends to its shareholders	Although not planned for at the date of this Presentation, the Group may incur additional indebtedness in the future. The Group's level of debt at any time may have important consequences for the Group, including but not limited to the following: • The Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favourable terms; • The Group's costs of borrowing could increase as it becomes more leveraged; • The Group may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders; • The Group's debt level could make it more vulnerable than its competitors with less debt to competitive pressure, a downturn in its business or the economy generally; and • The Group's debt level may limit its flexibility in responding to changing business and economic conditions. The Group's ability to service its debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to implement any of these remedies on satisfactory terms, or at all. If any such risk materialise, this could have a material adverse effect on the Group's business, results of operations, cash flows, liquidity, financial condition and/or prospects.

Risks factors (5/7)

Risks related to the Company being a holding company	The Company is a holding company and relies principally on cash generated by its subsidiaries for its cash and financing requirements, including the funds necessary to service any debt it may incur. The Company's subsidiaries may be restricted in their ability to transfer funds to the Company whether in the form of dividends, loans or advances, and the imposition of such a limitation could materially and adversely limit the Company's ability to grow, make investments or acquisitions that could be beneficial to its businesses, pay dividends or otherwise fund and conduct its business. The inability of the subsidiaries to transfer cash to the Company may mean that, even though the Company may have sufficient resources on a consolidated basis to meet its obligations under its debt agreements, it may not be able to meet such obligations. Defaults by, or the insolvency of, certain subsidiaries of the Company could result in the obligation of the Company to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations, or cause cross-defaults on certain borrowings of the Company. If the Company's subsidiaries are unable to transfer funds to the Company, this could have a material adverse effect on the Group's cash flows, liquidity, financial condition and/or prospects and it could result in the Company being unable to service its debt as it falls due.
The Group is exposed to exchange rate fluctuations	As a consequence of its international operations, including its operations in Norway, Sweden, Finland and Poland, the Group is exposed to exchange rate fluctuations since operating revenues and operating costs are denominated in different currencies. By example, a material part of the operating revenues from sales within the refractory business comes from the Group's Norwegian and Swedish operations which are denominated in NOK and SEK, respectively, while the refractory products acquired from Refratechnik are denominated in EUR. Within the commercial real property business the rental income in Agora Bytom is dominated in EUR, while a significant part of the operational costs are dominated in PLN. Furthermore, the Group's consolidated financial statements are presented in NOK, but only a part of the Group's revenues, costs and liabilities are denominated in NOK. The Group may enter into hedging agreements, but there can be no assurance that such arrangements will fully, or at all, protect the Group from exchange rate risk (in particular in the long term) or that the Group is able to enter into such hedging arrangements on commercially reasonable terms. Exchange rate fluctuations could have a significant adverse effect on the Group's results of operations, cash flows, liquidity, financial conditions and prospects.

Risks factors (6/7)

Risk related to legal proceedings	The Group may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. For example, the Group has been involved in an arbitration dispute in Vienna, Austria, relating to a project delivered by the Group company Macon to a customer in Russia in 2016, which was resolved in the Group's favour in July 2023 through the Arbitral Award. The results of litigation and claims are inherently unpredictable and uncertain and, regardless of the outcome, litigation has the potential to have an adverse impact on the Group because of defence and settlement costs, diversion of management resources and other factors. As regards the arbitration dispute in Vienna, the customer was ordered to pay Macon approximately EUR 2.75 million (excl. VAT), with the addition of interest of 9.2% per annum on an amount of approximately EUR 2.49 million from 22 October 2016 until payment takes place, and to cover Macon's legal costs of approximately NOK 18 million. Although the customer at the date of this Prospectus is not on any sanction list, it has, due to political and geopolitical instability, proven time-consuming to transfer the money to a Swedish bank account, and Macon has not yet received payment. As the account receivable from the customer has been recognized as revenue in the Company's unaudited consolidated interim financial statements for the three and nine months ended 30 September 2023, the Group will suffer a corresponding loss if payment is not received. If the Group is not successful in receiving payment from the customer in accordance with the Arbitral Award, this could have a have an adverse effect on the Group. Further, if the Group is not successful in its assertions in other legal proceedings or claims that may arise, this may have a material adverse effect on the Group's results of operations, cash flows, liquidity, financial condition and prospects.

Risks factors (7/7)

The price of the Shares may fluctuate significantly	The trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the price of the Shares or result in fluctuations in the price or trading volume of the Shares include, for example, future sales, or the possibility for future sales, of substantial numbers of the Shares, changes in the actual or projected results of operations of the Group or those of its competitors, investors' evaluations of the success and effects of the Group's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Group operates, changes in shareholders and other factors. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Group, and such fluctuations may materially affect the price of the Shares.
Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares	The Company may in the future decide to offer and issue new Shares or other securities in order to finance its business strategy, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders, or existing shareholders generally, may not have the ability to purchase additional equity securities. Any such future issuances of Shares or other securities following the Private Placement and the Subsequent Offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings and the net asset value per Share, and could have a material adverse effect on the market price of the Shares.



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