

Borealis Interim Consolidated Financial Statements

as of June 30, 2023

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Gender Disclaimer

For reasons of better readability and easier comprehension, the male form used refers equally to all gender identities (without any judgemental distinction).

About Borealis

Our Business

Borealis is one of the world's leading providers of advanced and sustainable polyolefin solutions. In Europe, Borealis is also an innovative leader in polyolefins recycling and a major producer of base chemicals. We leverage our polymer expertise and decades of experience to offer advanced polyolefins for virgin and circular economy solutions, servicing these industries: Consumer Products, Energy, Healthcare, Infrastructure and Mobility.

With operations in over 120 countries and head offices in Vienna, Austria, Borealis employs around 6,000 people. In 2022, we generated a net profit of EUR 2.1 billion. OMV, the Austria-based international oil and gas company, owns 75% of our shares. The Abu Dhabi National Oil Company (ADNOC), based in the United Arab Emirates (UAE), owns the remaining 25%.

In re-inventing essentials for sustainable living, we build on our commitment to safety, our people, innovation and technology, and performance excellence. We are accelerating the transformation to a circular economy of polyolefins and expanding our geographical footprint to better serve our customers around the globe. Our operations are augmented by two important joint ventures: Borouge (with ADNOC, headquartered in the UAE); and Baystar™ (with TotalEnergies, based in the US).

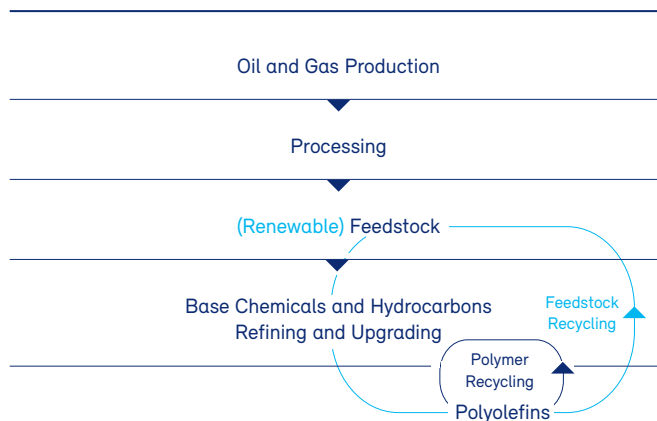
Value creation through innovation is at the core of Borealis' strategy

Borealis continuously invests in its people, its Borstar® and other proprietary technologies and in its working processes, both internally and with external partners. The result is continuous technological improvement.

As a leading innovator in its industries, Borealis continuously identifies and anticipates unmet market needs to consequently develop the corresponding solutions. Using proprietary technologies, innovative tools and leveraging expertise acquired over many years, Borealis unlocks materials' molecular properties and creates tailor-made products.

Borealis enhances this process with in-depth market knowledge, a cross-functional approach and an emphasis on open innovation.

Fig. 1: Chemical production flow



Industry Segments

Borealis clusters its businesses in two business segments: Polyolefins and Base Chemicals.

Polyolefins

The value-adding polyolefin products manufactured by Borealis form the basis of many valuable plastics applications that are an intrinsic part of modern life. Advanced Borealis polyolefins have a role to play in saving energy along the value chain and promoting more efficient use of natural resources. Borealis works closely with its customers and industry partners to provide innovative and value-creating plastics solutions in a variety of industries and segments. These solutions make end products safer, lighter and more affordable, and easier to recycle. In short: they enable more sustainable living.

Advanced polyolefins for virgin and circular economy solutions Polymer Solutions

Borealis continually develops novel and performance-enhancing solutions, such as polymer modifiers (plastomers and elastomers), foam solutions and reinforced polyolefins for structural parts. These material solutions may be designed for new or existing applications.

In polymer modifiers, Borealis continues to expand its wide range of attractive solutions. The multitalented Queo™ brand helps bridge the performance gap between conventional plastics, such as polyethylene (PE), and conventional elastomers, like ethylene propylene diene monomer. Queo makes it possible to meet or even surpass the most demanding requirements in sealing, flexibility, compatibility and processability.

Borealis' high melt strength (HMS), polypropylene-based foamed products fulfil the varying and sophisticated needs of both converters and consumers in the packaging, automotive and construction industries. For example, foam solutions in packaging offer excellent recyclability, especially when compared to conventional alternatives. Furthermore, HMS polypropylene (PP) foam also offers weight reduction, heat stability (for microwaveable packaging) and good thermal insulation properties.

Borealis' reinforced polyolefins are novel, performance-enhancing material solutions. The wide range of PP compounds are globally available and help contribute to enhanced sustainability, for example, through improved cost and energy efficiency.

Circular Economy Solutions

Borealis Circular Economy Solutions is dedicated to discovering new opportunities for long-term business growth, primarily in the areas of mechanical recycling, chemical recycling (in collaboration with OMV and Renasci), reuse, renewable feedstock and design for recycling (DfR).

Over recent years, mechanical recycling has proven to be effective and it will likely remain the eco-efficient method of choice in the foreseeable future when implementing the principles of the circular economy. The circular economy opens up new ways to re-invent the economy in the interest of preserving natural capital and minimising waste. Another important aspect of eco-efficient waste stream management is Design for Recycling (DfR), which incorporates recycling principles into the design process itself, in order to achieve optimised circulation of material for recycling and reuse. To this end, Borealis is collaborating with value chain partners – designers, retailers, packaging producers and brand owners – to develop material solutions and concepts to improve end-of-life recyclability and the performance properties of recycle material.

Industries served with these advanced polyolefin solutions

Consumer Products

With over 50 years experience in the industry, Borealis is an innovative and reliable supplier of superior polyolefin plastic materials used in advanced packaging, fibre and appliances.

Value-added packaging and fibre innovations play a role in safeguarding the quality and safety of consumers and industrial products, and also fulfil demand for enhanced functionality and convenience. Plastic food packaging, for example, helps protect and preserve food from farm to fork. Spoilage is avoided thanks to efficient filling systems and leak-resistant packaging. Food stays fresh longer and less must be thrown away. In addition, the consumer has a wider range of choices when it comes to convenient and appealing packaging formats.

Superior and proprietary Borealis technologies, such as Borstar®, also make advanced applications possible in flexible packaging (including lamination film, shrink film and stand-up pouches); rigid packaging (caps and closures, bottles, thin wall and transport packaging); and non-woven and technical fibres (filtration systems, hygiene products and technical textiles).

Fig. 2: Industries served by Borealis' polyolefins applications



With our advanced polyolefins for virgin and circular economy solutions, we serve these industries:



Advanced PP solutions offered by Borealis make white goods (such as washing machines, refrigerators, air conditioning units and more) and small appliances (such as toasters, ventilators and power tools) lighter yet more robust, and more energy efficient yet visually appealing.

Energy

Borealis is a leading provider of polyolefin compounds for the global energy industry. Step-change innovations based on the Borlink™ technology make electricity power grids more robust and reliable, eliminate wastage and help transport energy from renewable sources more efficiently and over longer distances. The broad range of sophisticated solutions includes extra high, high and medium voltage solutions for energy transmission, and low voltage solutions for energy distribution cable applications.

Safer wires and cables for the solar, automotive and construction industries are made possible by unique Borealis polymer manufacturing technologies. Borealis also has a proven track record of innovation in the area of flame retardant cables for these industries. Borealis offers a comprehensive range of communication cable solutions for advanced data, copper multipair, fibre optic and coaxial cables, all of which enhance the efficiency of data and communication networks.

Leading Borealis PP material solutions are used to produce capacitor film products. Meeting exceptional cleanliness standards, these materials help achieve outstanding electrical properties. Their consistent processing behaviour enables the production of extremely thin films.

Unique polymer and manufacturing technologies using Borlink, Visico™/Ambicat™, Borstar and Casico™ allow Borealis to offer innovative compounds tailored to specific customer needs.

With the launch of the new flagship solar brand Quentys™ in 2017, Borealis moved into the global solar industry. Pioneering new products based on Quentys make solar panels more effective, affordable and long-lasting. For example, Borealis polyolefin encapsulant films improve the operational reliability of photovoltaic modules throughout the product lifetime. This results in better cost efficiency and thus greater viability for solar power.

Healthcare

Borealis offers reliable solutions that add value to healthcare, thanks to an impressive track record in Value Creation through Innovation and close co-operation with customers.

The growing Bormed™ polyolefins portfolio offers superior technical performance for medical devices, pharmaceuticals and diagnostic packaging. Borealis' innovations help make healthcare packaging and medical devices safer and more affordable, while improving usability – a key criterion in today's ageing society.

Healthcare products that have been enhanced by advanced polyolefins made by Borealis include, among others: medical devices, medical pouches, sachets, syringes, insulin injection devices, unbreakable transparent bottles and single-dose eye drop dispensers.

Importantly, as a global supplier, Borealis can ensure security of supply and provide technical support tailored to the specific and stringent requirements of the market.

Infrastructure

A trusted partner to the pipe industry for over 50 years, Borealis supplies advanced polyolefin pipe system materials to a wide range of infrastructure projects around the world. By offering more durable and reliable pipes, Borealis' step-change innovations continue to boost the sustainability of pipe networks by making them safer and more efficient. These improved networks also help eliminate wastage and loss, while at the same time offering energy savings.

Water and sanitation systems can be made more efficient and reliable by using proprietary Borealis materials. For example, when compared to conventional materials, modern PE systems reduce water losses by a factor of eight. Trenchless technology reduces installation costs by up to 60%.

Using its proprietary Borstar technology as a base, Borealis offers pipes used in many different industries: water and gas supply, waste water, drainage and sewage disposal and plumbing and heating.

For the oil and gas industry, Borealis provides reliable and high-quality solutions from one end of the pipeline to the other, including multi-layer coating solutions for onshore and offshore oil and gas pipelines.

Mobility

Borealis is a leading supplier of innovative polyolefin materials for engineering applications in the mobility industry segment.

Proprietary Borealis technologies are lighter weight replacement solutions for conventional materials such as metal, rubber and engineering polymers. Borealis' material solutions help facilitate lightweight construction and thus play an important role in reducing carbon emissions. For instance, over the lifespan of an automotive application like a bumper, eight kilograms (kg) of carbon emissions can be avoided by using one kg of PP compounds. Borealis grades with post-consumer recycled (PCR) plastics content meet growing industry and end-user demand for high-quality materials that make better use of the planet's resources. By combining PCR and virgin material to produce high-end grades of consistent quality, fewer resources are used and less waste is generated over the lifetime of the product.

Borealis offers these leading-edge, lightweight polyolefins for a wide range of exterior, interior and under-the-bonnet applications, including bumpers, body panels, dashboards, door claddings, central consoles, pedal housings, cooling systems, battery trays and semi-structural body parts. Working closely with key value chain partners, Borealis continually develops novel materials for specific composite applications, such as structural carriers.

Base Chemicals

As the building blocks of the chemical industry, base chemicals are used to manufacture the essential products and applications used by industry and consumers in daily life. Base chemicals are used in diverse sectors, including aviation, mobility, renewable energy, consumer appliances, advanced packaging, healthcare and many others.

Borealis produces a wide range of these base chemicals, including ethylene, propylene, C4 hydrocarbons, hydrogen, phenol and acetone. Its Borvida™ portfolio of sustainable base chemicals produced using non-food waste and residues from biomass and chemically-recycled waste enhance the circularity of these essential building blocks. Together with OMV, Borealis is one of the largest olefins producers in Europe. Thanks to its joint ventures with Borouge (UAE) and Baystar (US), Borealis is a sizeable international player in the industry.

The Borealis Base Chemicals business is tasked with sourcing renewable power, natural gas and main utilities (e.g., steam, water and nitrogen) for all its Base Chemicals and Polyolefins production locations in Europe. This integral function plays an important role in enabling Borealis to lower its own emissions and achieve its ambitious sustainability targets.

Olefins and Co-products

Borealis sources feedstock like naphtha, butane, propane and ethane from the oil and gas industry. It uses its olefin units to convert feedstock into the building blocks of the chemical industry: olefins (ethylene and propylene); and C4 hydrocarbons (petrochemical derivatives e.g., butanes, n- and iso-butylene, butadiene), among others.

Ethylene, propylene and C4 base chemicals are produced in steam crackers in Finland and Sweden, and in Abu Dhabi, as part of the Borouge joint venture. An ethane cracker with an annual production capacity of one million metric tons of ethylene commenced operations in 2022 as part of the Baystar joint venture in Texas (US). Propylene and hydrogen are also produced at Borealis' propane dehydrogenation (PDH) plant in Kallo (Belgium). A second PDH plant currently under construction will triple Kallo's propylene capacity once started up.

For the most part, ethylene is captively used for Borealis' polyethylene applications. It is also sold to customers in the acetaldehyde value chain for vinyl acetate monomer.

Propylene is captively used for Borealis' polypropylene applications, and is also sold to customers across several value chains, including acrylonitrile (for ABS, nitrile rubber and plastics); acrylic acid (for superabsorbent fibers such as diapers); butyraldehyde (for solvents, plasticizers, acrylic esters); and propylene oxide (for polyols, polyurethane and polyester resins).

Borealis sources the required feedstock and olefins from its owners, or purchases them on the market. A range of co-products from the steam cracking process are also sold on international markets. These include butadiene, butene raffinate 1, ethyl tertiary butyl ether (ETBE), benzene and pyrolysis gasoline (pygas).

Borealis produces hydrogen in its own PDH plant in Kallo and at its steam crackers in Stenungsund (Sweden) and Porvoo (Finland). As one of nature's essential building blocks, hydrogen combines easily with other elements and molecules. These combinations give rise to many other things, including energy. Hydrogen is, thus, crucial to global decarbonization efforts. It is a viable alternative to conventional fossil-fuel feedstock, and will become a key enabler for sustainable chemicals, such as renewable syngas, or methanol from CO₂.

Phenol and Acetone

In the Nordic and Baltic regions of Europe, Borealis is the leading producer of phenol and acetone. Used in industry as a starting material for plastics, phenol is commonly found in adhesives, construction materials, carpets, mobile phones and household appliances.

The phenol, benzene, cumene and acetone produced by Borealis in Finland are mainly sold to its Northern European industry customers for the manufacture of adhesives, fibers, epoxy resins and polycarbonates. Acetone is frequently used in acrylics, fibers, pharmaceuticals, and in paint solvents. Benzene is often used as a base chemical for other chemical processes, such as cyclohexane for nylon, and styrene for polystyrene.

Circular Base Chemicals

One way in which Borealis is proactively accelerating the transition to a circular economy is through circular base chemicals. These materials lessen our dependence on fossil fuels, drastically lower the environmental footprint of manufactured products, and reduce CO₂ emissions.

The Borvida™ portfolio comprises Borvida™ B, which are circular base chemicals (such as ethylene, propylene and phenol) made from non-food waste biomass. Borvida™ C materials are made using chemically recycled post-consumer waste. In the future, Borvida™ A will offer sustainable base chemicals derived from atmospheric carbon capture.

In line with the mass balance accounting method, the ISCC PLUS-certified materials in the Borvida portfolio can be tracked, traced and verified across the entire value chain. This ensures circularity from feedstock to end product.

Power, Natural Gas and Utilities

The Borealis Base Chemicals business unit is responsible for sourcing renewable power and natural gas for all European Base Chemicals and Polyolefins production locations, in addition to managing primary utilities. The business unit, thus, plays a crucial role in ensuring that Borealis achieves its ambitious, long-term Energy & Climate goals. These include using an ever higher share of renewable power in its own operations. By 2030, 100% of electricity used in Borealis Polyolefins and Base Chemicals operations should be renewable in origin, thanks to a diverse renewable energy portfolio based on wind, solar and hydropower. Scope 1 and Scope 2 emissions shall be reduced from 5.1 million metric tons per year (from a 2019 baseline) to 2 million metric tons by 2030, with expanded use of renewable power sources making up the majority of Scope 2 emissions reductions.



OUR PURPOSE

Re-inventing essentials for
sustainable living

OUR VISION

Be a global leader in advanced
and sustainable chemicals and
material solutions





Borealis Strategy 2030

GEOGRAPHICAL EXPANSION

Become a fully global partner to our customers

We grow through M&A and selected builds in NAM, Middle East and Asia. We leverage Borouge's market presence for growth in Asia.

TRANSFORMATION

Evolve to fully customer-centric approach to offer advanced and sustainable material solutions

Circular Economy

We lead the transformation to a truly circular economy across all our applications.

Value Add

We invest in compounding and adjacencies to accelerate value creation through innovation.



SUSTAINABILITY

We significantly reduce our CO₂ footprint

STRONG FOUNDATION

Build on safety, people and culture to sustain strong growth

Safety

Goal Zero guides our strategic aspiration to be among the safest companies in the industry.

People

People make it happen. We shape an experience where everyone can perform at their best and make a difference.

Innovation & Technology

Accelerate circularity, drive specialty growth and create more value in licensing and catalyst technology.

Performance Excellence

We focus on excellence across all activities. Utilize technology and digitalization to drive efficiencies.

Our Values

Considering the impact of everything we do.

We show respect, speak up and act responsibly towards each other, our customers and the environment.



Defining tomorrow by welcoming new perspectives today.

We learn by being inclusive, asking questions, sharing our knowledge and having the courage to try new things.



Overcoming obstacles and finding solutions to deliver high performance.

We take ownership, trusting and empowering each other to make bold decisions to deliver safely and at speed.



Financial Statements

Management Report – Half Year Report 2023

In the first half year of 2023, the Total Recordable Injuries (TRI) rate per million working hours deteriorated significantly to 3.9 compared with the 2.8 registered for the same six-month period in 2022. While no fatalities were recorded, safety performance was particularly weak in the months of March and April, with ten recorded injuries each month. As part of the “Goal Zero” effort to eliminate all accidents and incidents, Borealis launched the “B-Safe” program in December 2022 and is currently rolling it out across the entire Borealis Group. It entails full-day training sessions for all employees and head office personnel including Executive Board members, and three-day sessions for those in production operations. B-Safe stresses the importance of pro-active intervention to avoid and prevent safety incidents, implementation of risk identification measures, learning from previous incidents, and generally heightened vigilance for the safety of others.

As the war in Ukraine drags on into its second year, Borealis continues to prioritize the safety of its people while doing its utmost to maintain business continuity. Borealis discontinued sales to Russia and Belarus shortly after the war began in 2022. Contingency plans are in place to respond quickly to potential supply disruptions at Borealis production sites. Borealis operates no production facilities in Russia or Ukraine. Borealis is currently procuring feedstock from the US after terminating contracts with Russia-based suppliers. Within a short period of time, a second long-term charter contract has been negotiated to ensure reliable transportation of liquefied petroleum gas (LPG) from the US to the Borealis cracker in Porvoo (Finland). The vessel was delivered to Borealis in May 2023.

The oil price rose from USD 81/bbl in December 2022 to USD 84/bbl in January 2023, coinciding with the end of China’s zero-COVID policy and market expectations for increased oil demand. Yet prices remained range-bound until April 2023, dampened by a looming bank crisis and China’s weaker-than-expected economic recovery. OPEC subsequently increased supply to boost prices, but ongoing concerns regarding the pace of global economic recovery caused prices to fall to USD 74/bbl in June 2023.

The naphtha price trend developed similarly to oil, yet increased winter blending into the gasoline pool led to more robust prices in the period from January to March 2023. Prices climbed from USD 592/t in December 2022 to USD 675/t in March. The combination of softer oil prices and weakening demand for naphtha exerted downward pressure, with prices dropping to USD 552/t in June.

Ethylene and propylene contract prices were likewise influenced by the development of oil and naphtha prices, with ethylene rising from EUR 1,175/t in January to EUR 1,250/t in April and falling to EUR 1,160/t in June. The price of propylene rose from EUR 1,075/t in January 2023 to EUR 1,185/t in April but ended lower at EUR 1,050/t in June. The spread between naphtha and propane as well as naphtha and butane remained low from January to March 2023 before subsequently widening. This was due to less butane blending into the gasoline pool, softer petrochemical demand and strong production in the US.

Demand for polyolefins was higher in the first two quarters of 2023 than in the fourth quarter of 2022, but remained low overall. In addition to pressure from imports, the peak demand expected for spring failed to materialize, while the summer trough set in earlier than usual as converters delayed orders in the expectation of lower prices in the near future. While core inflation in the US and parts of the euro zone had eased slightly by May, the ongoing cost of living crisis and higher interest rates continued to squeeze discretionary consumer spending. At 1.79 million metric tons for the period January to June 2023, Borealis Polyolefins sales volumes were 5% below the same period of 2022.

Persistently high gas prices in Europe and intense competition from Russian imports, among others, put pressure on the Borealis nitrogen business. Fertilizer sales volumes of 1.35 million metric tons in the first half of 2023 were approximately 300 kt lower than in the same period of 2022. Melamine sales volumes decreased from 60 kt in the first half of 2022 to 37 kt in the same period of the current year.

In the first six months of 2023, Borealis reported an operating profit of EUR 84 million (thereof: EUR 108 million from continuing operations and EUR -25 million from discontinued operation), a sharp drop from the near-record EUR 936 million (thereof: EUR 665 million from continuing operations and EUR 271 million from discontinued operation) achieved for the same period of 2022. The decrease is attributed to 2023's overall lower market prices, a weaker European polyolefins market and the sharp decline in the Borealis nitrogen business.

A decline was also seen in Borouge's net profit contribution to Borealis in the first six months of 2023 owing to the Borouge 2 turnaround in the first quarter and its negative effects on production volumes. Overall business performance continues to be affected by softer demand and lower sales prices.

The year-to-date Baystar™ contribution also fell short of projections due to the slower-than-expected ramp-up of the new ethane-based steam cracker. This and lower sales prices have negatively impacted Baystar's profitability.

Cash flow from operations for the first six months of 2023 was EUR 204 million (thereof: EUR 90 million from continuing operations and EUR 114 million from discontinued operation) versus the EUR 110 million (thereof: EUR 30 million from continuing operations and EUR 80 million from discontinued operation) reported in the same period of 2022. While business performance was weaker overall compared with 2022, working capital development improved.

Total investments in tangible and intangible assets amounted to approximately EUR 377 million (thereof: EUR 307 million from continuing operations and EUR 71 million from discontinued operation) in the first half of 2023, thus increasing slightly compared with last year's EUR 336 million (thereof: EUR 306 million from continuing operations and EUR 30 million from discontinued operation). In the first six months of 2023, Borealis paid out a dividend of EUR 300 million to OMV and has earmarked EUR 100 million for dividend payments to ADNOC. Net debt increased from EUR -70 million (thereof: EUR -66 million from continuing operations and EUR -3 million from discontinued operation) in December 2022 to EUR 438 (thereof: EUR 617 million from continuing operations and EUR -178 million from discontinued operation) at the end of June 2023, driven primarily by dividend payments and loans for Baystar and Borouge. Borealis reported proceeds from the Borouge dividend of EUR 230 million, intercompany financing of the joint venture Baystar of EUR 46 million and around EUR 150 million from the financing of the Borouge 4 expansion project.

The Borealis Group's financial position remains robust, with a very low gearing of 5% (thereof: 7% for continuing operations) as of the end of June 2023, compared with a gearing ratio of -1% (thereof: -1% for continuing operations) at year-end 2022. Borealis remains well below the target gearing range of 35-65%. The solvency ratio was 67% (thereof: 70% for continuing operations) at the end of June 2023, compared with 66% (thereof: 69% for continuing operations) at the end of 2022. Liquidity reserves, consisting of undrawn committed credit facilities and cash balances, amounted to EUR 2,968 million (thereof: EUR 2,780 million from continuing operations and EUR 188 million from discontinued operation) at the end of June 2023, compared with EUR 3,408 million (thereof: EUR 3,392 million from continuing operations and EUR 16 million from discontinued operation) at year-end 2022.

As of end of June 2023, total assets and capital employed stood at EUR 13,717 million (thereof: EUR 12,328 million from continuing operations and EUR 1,389 million from discontinued operation) and EUR 11,500 million (thereof: EUR 10,607 million from continuing operations and EUR 893 million from discontinued operation), respectively, compared with EUR 14,685 million (thereof: EUR 13,162 million from continuing operations and EUR 1,523 million from discontinued operation) and EUR 11,952 million (thereof: EUR 11,129 million from continuing operations and EUR 823 million from discontinued operation) at year-end 2022. Total equity fell by EUR 523 million to EUR 9,269 million in the first six months of 2023, primarily due to dividend payments to shareholders and lower net income.

In September 2022, a binding agreement for YILDIRIM's acquisition of Borealis' shares in Rosier was first announced. On January 2, 2023, Borealis announced that it had divested all of its shares in Rosier after finalizing the agreement with the YILDIRIM Group.

The divestment process of the Borealis nitrogen business unit, including fertilizers, technical nitrogen, and melamine products, commenced in February 2021. A binding offer received from EuroChem in February 2022 was declined soon afterwards due to developments related to the war in Ukraine, such as imposed sanctions. In June 2022, Borealis received a binding offer from Czech-based AGROFERT that valued the business on an enterprise value basis at EUR 810 million. As of July 5, 2023, the transaction has now been completed.

Daniela Vlad, OMV Executive Vice President Chemicals & Materials and member of the OMV Executive Board, was appointed Chairwoman of the Borealis Supervisory Board, replacing Alfred Stern, CEO of OMV. Daniel Turnheim was appointed Borealis Chief Financial Officer for a three-year period taking effect as of June 1, 2023. He succeeds Mark Tonkens, who left the Borealis Executive Board by mutual agreement at the end of May 2023.

The Borealis Strategy 2030 unveiled in 2022 is a strategic evolution centered on sustainability, with the core aim of significantly reducing the Group's carbon footprint. Emphasis is placed on three main areas: geographical expansion; circular economy transformation; and the strong Borealis foundation of its people, corporate culture and safety mindset.

Geographical expansion is carried out to enable Borealis to better serve its customers by boosting production capacity of advanced and sustainable chemicals and material solutions on several continents. It entails expansion through mergers and acquisitions as well as important growth projects that are now in various stages of completion: Borouge, Baystar and Kallo PDH2 are each integral to the long-term success of Borealis as it continues down the path of sustained investment.

The largest growth project is Borouge 4, a new USD 6.2 billion facility within the Borouge complex in the United Arab Emirates (UAE), whose groundbreaking took place in February 2022. Borouge 4 will help serve growing polymer demand in the Middle East and Asia and will supply feedstock to the TA'ZIZ Industrial Chemicals Zone in Ruwais.

Another major growth project, the Baystar joint venture with TotalEnergies in Texas (US), has brought Borstar 3G technology to North America for the first time. It has also transformed what was once a non-integrated business into a fully integrated one. Despite the slower-than-anticipated ramp-up of the new one million ton-per-year ethane cracker in the summer of 2022, it is already supplying ethylene feedstock to two existing Baystar polyethylene (PE) units, Bay 1 and Bay 2. Construction has been completed on the third Baystar construction project, Bay 3; the plant's start-up is currently in progress. With a total investment of over USD 1.4 billion, this 625,000 metric ton-per-year PE unit will more than double the site's current PE capacity.

A third major growth project, the new world-scale propane dehydrogenation plant (PDH) at the existing Borealis production site in Kallo (Belgium), was beset by the misconduct by contractor IREM in 2022. Borealis terminated all contracts with it and its subcontractors and carried out a new tender. Construction has resumed on site as of mid-summer 2023, with plant start-up now scheduled for the first half of 2025.

In the meantime, force majeure was declared at the Kallo PP3 plant in early June due to a technical incident that occurred during the start-up of the unit's turnaround. The incident resulted in some supply disruptions to Borealis customers as well as in the postponement of the planned debottlenecking project to around the end of summer 2023.

Transformation, the second focus area of the Borealis Strategy 2030, involves all efforts to become a fully customer-centric supplier of advanced and sustainable material solutions across all areas of activity, from hydrocarbons to healthcare. Borealis is drawing on its Value Creation through Innovation approach to accelerate the transition to a circular economy of plastics. Several new endeavors announced in 2023 augment existing circular offerings such as the Bornewables™ (a portfolio of premium circular polyolefins based on renewably sourced feedstocks); Borcycle™ (a transformative technology that breathes new life into polyolefin-based, post-consumer waste); and Borvida™ (a portfolio of sustainable base chemicals produced using non-food waste biomass).

In January, Borealis reported that it had acquired a majority stake in Renasci, the Belgium-based provider of innovative recycling solutions, thus ensuring access to an ample supply of chemically recycled feedstock for the Borcycle™ C portfolio of virgin-grade recycled products.

In May, Borealis launched Stelora™, a new class of engineering polymer produced from renewably sourced feedstock and suitable for a broad range of technically advanced applications. It is particularly suited for those requiring high heat resistance, such as in e-mobility and renewable energy generation. The same month saw the introduction of the Bornewables line of Queo™, a range of polymers and elastomers based on renewable feedstock.

In June 2023, Borealis announced that it intends to acquire Italy-based Rialti, a leading European producer of mechanically recycled PP compounds for use in extrusion and injection molding processes. Once the agreement has been successfully closed, Borealis will have further boosted its recycling compounding capacity by around 50,000 metric tons per year.

Taken together, these endeavors in the circular economy sphere are enabling Borealis to make great strides towards achieving the goal of increasing the global production capacity of circular products and solutions to 1.8 million metric tons by 2030.

To reduce Scope 1 and Scope 2 emissions from 5.1 million metric tons per year (from a 2019 baseline) to 2 million metric tons by 2030, Borealis is using a higher share of electricity obtained from renewable sources to power its own operations. By 2030, 100% of the electricity used in its Polyolefins and Hydrocarbons businesses should be of renewable origin. In addition to the three long-term power purchase agreements (PPA) signed in 2022, Borealis announced in April that it had signed another long-term PPA with one of its existing renewable energy partners, Axpo, to procure power as of 2024 from a wind farm for production operations in Porvoo.

In the middle of the year 2022, Borealis successfully kicked off the “Strong Foundation – Performance Excellence” (SFPE) program. As an essential component of the Borealis Strategy 2030, SFPE implements short-, medium- and longer-term business performance improvements along the value chain.

We expect more than EUR 100 million of sustainable profit improvements to be realized this year. The additional resources made available through such improvements to the bottom line will support the execution of the Strategy 2030, while also mitigating any negative effects of the current industry downturn. Another Borealis focus during the second half of 2023 is on improving fixed costs.

Increased market volatility and a weaker price environment in the core business areas have put a damper on expectations in the short term. Yet Borealis has proven itself to be a trusted and reliable partner for its customers and value chain partners at all times, whether in booms or downturns. As a circular economy innovator dedicated to re-inventing essentials for more sustainable living, Borealis is uniquely positioned to offer the material solutions needed by end consumers and industry alike.

Vienna, August 17, 2023

Executive Board:

Thomas Gangl m.p.
Chief Executive Officer

Daniel Turnheim m.p.
Chief Financial Officer

Wolfram Krenn m.p.
Executive Vice President
Base Chemicals & Operations

Philippe Roodhooft m.p.
Executive Vice President
Joint Ventures & Growth Projects

Lucrece De Ridder m.p.
Executive Vice President
Polyolefins, Circular Economy Solutions
and Innovation & Technology

Interim Consolidated Financial Statements

Interim Consolidated Income Statement

EUR thousand	2023	2022	Note
For the six months ended June 30	unaudited	unaudited	
Net sales	3,759,878	5,098,063	1, 2
Other operating income	86,163	143,288	11
Total sales and other income	3,846,041	5,241,351	
Production costs	-3,246,493	-4,106,788	
Gross profit	599,548	1,134,563	
Sales and distribution costs	-355,673	-349,459	
Administration costs	-131,132	-112,524	
R&D costs	-4,449	-7,788	
Operating profit	108,294	664,792	
Net results of associated companies and joint ventures	60,145	255,612	
Gain from disposal of equity accounted investments	0	604,171	
Financial income	67,671	21,478	
Financial expenses	-55,861	-21,388	4
Net foreign exchange gains/losses	-8,870	99,110	
Profit before taxation	171,925	1,623,775	
Taxes on income	-15,930	-203,248	
Net profit for the period from continuing operations	155,995	1,420,527	
Discontinued operation			
Loss (profit) from discontinued operation, net of tax	-58,829	407,329	4
Net profit for the period	97,166	1,827,856	
Attributable to:			
Non-controlling interests	-4,242	-226	
Equity holders of the parent	101,408	1,828,082	

Interim Consolidated Statement of Comprehensive Income

EUR thousand	2023	2022
For the six months ended June 30	unaudited	unaudited
Net profit for the period	97,166	1,827,856
Items that may be subsequently reclassified to the income statement		
Net gain/loss on translation of financial statements of foreign operations	-77,517	218,729
Reclassifications to the income statement during the period	0	-42,744
Tax effect recognized in other comprehensive income	0	0
Net gain/loss on long-term loans to foreign operations	-5,207	-17,240
Reclassifications to the income statement during the period	0	0
Tax effect recognized in other comprehensive income	1,198	3,965
Net gain/loss on loans to hedge investments in foreign operations	2,761	-4,362
Reclassifications to the income statement during the period	0	3,009
Tax effect recognized in other comprehensive income	-635	311
Fair value adjustments of cash flow hedges	-213,540	419,642
Reclassifications to the income statement during the period	-49,686	-136,484
Tax effect recognized in other comprehensive income	60,542	-65,126
Share of other comprehensive income of joint ventures accounted for using the equity method	1,550	0
Items that will not be reclassified to the income statement		
Actuarial gains and losses	2,606	123,412
Tax effect recognized in other comprehensive income	-710	-24,775
Share of other comprehensive income of joint ventures accounted for using the equity method	228	0
Net income/expense recognized in other comprehensive income	-278,410	478,337
Total comprehensive income	-181,244	2,306,193
Attributable to:		
Non-controlling interests	-3,698	737
Equity holders of the parent	-177,546	2,305,456

Interim Consolidated Balance Sheet

EUR thousand	30.6.2023	31.12.2022	Note
	unaudited	audited	
Assets			
Non-current assets			
Intangible assets	632,931	633,950	3
Property, plant and equipment			3
Production plants	1,777,108	1,854,194	
Machinery and equipment	27,122	28,192	
Construction in progress	1,534,195	1,277,834	
Total property, plant and equipment	3,338,425	3,160,220	
Right-of-use assets	669,604	599,136	
Investments in associated companies and joint ventures	2,584,043	2,796,851	5
Other investments	23,576	18,459	10
Loans granted	817,804	628,305	10, 12
Other receivables and other assets	125,247	193,363	10
Deferred tax assets	46,234	23,794	
Total non-current assets	8,237,864	8,054,078	
Current assets			
Inventories	1,360,674	1,479,516	7
Receivables			
Trade receivables	628,050	788,440	10, 12
Income taxes	5,168	2,965	
Loans granted	69,044	65,712	10, 12
Other receivables and other assets	413,301	545,243	10, 12
Total receivables and other assets	1,115,563	1,402,360	
Cash and cash equivalents	1,613,887	2,226,207	10
Assets of the disposal group held for sale	1,388,715	1,523,215	4
Total current assets	5,478,839	6,631,298	
Total assets	13,716,703	14,685,376	

EUR thousand	30.6.2023	31.12.2022	Note
	unaudited	audited	
Equity and liabilities			
Equity			
Shareholders' equity			
Share capital and contributions by shareholders	1,599,397	1,599,397	
Reserves	154,184	412,694	
Retained earnings	7,473,294	7,772,773	
Total shareholders' equity	9,226,875	9,784,864	
Non-controlling interests	42,399	7,122	
Total equity	9,269,274	9,791,986	
Liabilities			
Non-current liabilities			
Loans and borrowings	1,403,569	1,512,201	9, 10
Lease liabilities	622,056	563,239	9, 12
Deferred tax liabilities	185,834	264,714	
Employee benefits	271,409	276,512	
Provisions	55,121	61,585	8
Other liabilities	45,800	36,185	10
Total non-current liabilities	2,583,789	2,714,436	
Current liabilities			
Loans and borrowings	155,333	41,929	9, 10
Lease liabilities	49,752	42,635	9, 12
Trade payables	620,120	862,826	10, 12
Income taxes	37,749	45,761	
Provisions	38,982	48,214	8
Contract liabilities	37,144	50,182	
Other liabilities	429,292	387,249	10, 12
Liabilities directly related to the disposal group	495,268	700,158	4
Total current liabilities	1,863,640	2,178,954	
Total liabilities	4,447,429	4,893,390	
Total equity and liabilities	13,716,703	14,685,376	

Interim Consolidated Statement of Changes in Equity

EUR thousand	Share capital ¹⁾ and contributions by shareholders	Reserve for actuarial gains/losses recognized in equity	Hedging reserve	Reserve for unrealized exchange gains/losses	Retained earnings	Total attributable to the equity holders of the parent	Non-controlling interests	Total equity
Balance as of December 31, 2022 (audited)	1,599,397	-144,199	250,966	305,927	7,772,773	9,784,864	7,122	9,791,986
Net profit for the period	0	0	0	0	101,408	101,408	-4,242	97,166
Other comprehensive income	0	2,124	-202,684	-78,394	0	-278,954	544	-278,410
Total comprehensive income	0	2,124	-202,684	-78,394	101,408	-177,546	-3,698	-181,244
Dividend distribution	0	0	0	0	-400,000	-400,000	-292	-400,292
Changes in the consolidation scope ²⁾	0	988	0	0	-887	101	39,267	39,368
Reclassifications of cash flow hedges to balance sheet	0	0	19,456	0	0	19,456	0	19,456
Balance as of June 30, 2023 (unaudited)	1,599,397	-141,087	67,738	227,533	7,473,294	9,226,875	42,399	9,269,274
Balance as of December 31, 2021 (audited)	1,599,397	-255,699	227,023	232,321	6,372,494	8,175,536	-4,251	8,171,285
Net profit for the period	0	0	0	0	1,828,082	1,828,082	-226	1,827,856
Other comprehensive income	0	98,637	218,032	160,705	0	477,374	963	478,337
Total comprehensive income	0	98,637	218,032	160,705	1,828,082	2,305,456	737	2,306,193
Dividend distribution	0	0	0	0	-698,000	-698,000	-351	-698,351
Changes in the consolidation scope	0	0	0	0	-25	-25	-453	-478
Reclassifications of cash flow hedges to balance sheet	0	0	24,360	0	0	24,360	0	24,360
Reclassifications within Equity	0	376	0	0	-376	0	0	0
Balance as of June 30, 2022 (unaudited)	1,599,397	-156,686	469,415	393,026	7,502,175	9,807,327	-4,318	9,803,009

1) Share capital of Borealis AG (parent company) amounts to EUR 300,000 (December 31, 2022: EUR 300,000). // 2) The effect from changes in the consolidation scope for 2023 relates to increased shares in DYM SOLUTION CO., LTD, the sale of Rosier S.A., and the acquisition of Renasci N.V. in 2023. For further details, please refer to note 4.

A resolution was passed to distribute EUR 400,000 thousand in 2023 from the 2022 result; EUR 100,000 thousand thereof has not yet been paid to the shareholders (ADNOC) and is included in the balance sheet item Other liabilities.

The cumulative amount recognized in other comprehensive income from the disposal group as of June 30, 2023, is EUR -19,007 thousand (December 31, 2022: EUR -20,636 thousand), thereof EUR -868 thousand (December 31, 2022: EUR -877 thousand) relates to items that may be reclassified subsequently to the income statement.

Interim Consolidated Cash Flow

EUR thousand	2023	2022	Note
For the six months ended June 30	unaudited	unaudited	
Cash flows from operating activities			
Payments from customers	4,586,502	6,287,447	
Payments to employees and suppliers	-4,261,693	-5,845,005	
Interest received	29,104	9,364	
Interest paid	-22,495	-16,305	
Other financial expenses paid	-10,743	-683	
Income taxes paid	-116,524	-324,786	
	204,151	110,032	
thereof from discontinued operation	114,108	79,882	
Cash flows from investing activities			
Investments in property, plant and equipment	-338,822	-310,977	3
Investments in intangible assets	-38,382	-25,300	3
Acquisition of subsidiary, net of cash	-8,463	0	4
Dividends of associated companies and joint ventures and non-consolidated subsidiaries	230,357	474,035	
Capital contributions to and financing and acquisition of associated companies, joint ventures and other investments	-207,289	-419,369	12
Proceeds from disposal of subsidiaries, net of cash disposed	32,474	0	4
Proceeds from disposal of shares in joint ventures	0	745,068	
Repayments of financing by joint ventures	0	601,685	
	-330,125	1,065,142	
thereof from discontinued operation	-70,510	-30,278	

EUR thousand	2023	2022	Note
Cash flows from financing activities			
Non-current loans and borrowings obtained	20,278	355	9
Current loans and borrowings obtained	4	118	9
Current loans and borrowings repaid	-3,697	-15,974	9
Principal elements of lease payments	-30,280	-30,472	9
Acquisition of non-controlling interests	-126	-478	
Dividends paid to equity holders of the parent	-300,000	-698,000	
Dividends paid to non-controlling interests	-292	-351	
	-314,113	-744,802	
thereof from discontinued operation	-3,166	0	
Net cash flow of the period	-440,087	430,372	
Cash and cash equivalents as of January 1	2,242,405	1,551,487	
Effect of exchange rate fluctuations on cash held	-112	95,666	
Cash and cash equivalents as of June 30	1,802,206	2,077,525	
thereof reported under Cash and cash equivalents	1,613,887	2,067,643	
thereof reported under Assets of the disposal group held for sale	188,319	9,882	

Notes to the Interim Consolidated Financial Statements

Reporting Entity

Borealis AG (the Company or Group) is a company domiciled in Austria. The address of the Company's registered office is Trabrennstrasse 6–8, 1020 Vienna, Austria. Borealis is one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers, and the mechanical recycling of plastics.

Borealis Reports the Business Result in three Segments:

In the Polyolefins segment, Borealis focuses on the application areas Mobility, Energy, Consumer Products, Infrastructure, Advanced Products and Business Development.

Base Chemicals essentially includes the following product ranges: Phenol, Acetone, Ethylene and Propylene.

The third segment is Borealis NITRO, consisting of Fertilizers, Melamine and Technical Nitrogen Products.

Basis of Preparation

The interim consolidated financial statements for the six months ended June 30, 2023, have been prepared in compliance with the International Financial Reporting Standards issued by the IASB as adopted by the EU, IAS 34 for interim financial statements. They do not include all the information and disclosures required in the annual

financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2022.

The interim consolidated financial statements for the six months ended June 30, 2023, have not been subject to an external audit or review.

The interim consolidated financial statements are presented in thousands of euros (EUR thousand), rounded to the nearest thousand, so rounding differences may occur.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for new and amended standards effective as of January 1, 2023.

New and Amended Standards Adopted by Borealis

Since January 1, 2023, the following accounting standards have become effective and been adopted by Borealis, where effective means effective for annual periods beginning on or after that date (as endorsed by the EU). These did not have a material impact on the financial position or performance of the Group:

Standards		IASB effective date	EU effective date
New Standards			
IFRS 17	Insurance Contracts	January 1, 2023	January 1, 2023
Amended Standards			
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023	January 1, 2023
IAS 8	Definition of Accounting Estimates	January 1, 2023	January 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	January 1, 2023
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	January 1, 2023

1. Segment Reporting

For the six months ended June 30, if not indicated otherwise.

EUR thousand	Polyolefins		Base Chemicals	
	2023	2022	2023	2022
Net sales by segment				
Total segment sales	3,065,229	3,932,283	2,295,947	3,291,857
Inter-segment sales	0	0	-1,692,441	-2,370,142
	3,065,229	3,932,283	603,506	921,715

Prices for Group inter-segment sales are mainly based on monthly market prices for ethylene and propylene contracts.

Segment result				
Operating profit	74,174	547,673	86,017	152,712
Measurement of discontinued operation				
Net results of associated companies and joint ventures	-75,337	-2,994	246	196
Gain from disposal of equity accounted investments				
Financial result				
Taxes on income				
Non-controlling interests				
Net profit for the period attributable to equity holders of the parent				

EUR thousand	30.6.2023	31.12.2022	30.6.2023	31.12.2022
Other information				
Segment assets	4,957,857	4,788,230	3,403,657	3,549,352
thereof Austria	2,496,687	2,413,308	1,427,574	1,652,827
Segment liabilities	0	0	0	0

Over 90% of the above relate to segment EU countries.

1) Borealis NITRO: Borealis Fertilizers, Melamine and Technical Nitrogen Products business unit.

Borealis NITRO ¹⁾		Non-Allocated		Consolidated	
2023	2022	2023	2022	2023	2022
688,404	1,280,718	91,212	244,183	6,140,792	8,749,041
0	0	0	0	-1,692,441	-2,370,142
688,404	1,280,718	91,212	244,183	4,448,351	6,378,899
-27,792	256,108	-48,744	-20,466	83,655	936,027
-69,690	266,344			-69,690	266,344
0	0	135,236	258,410	60,145	255,612
		0	604,171	0	604,171
		3,821	99,524	3,821	99,524
		19,235	-333,822	19,235	-333,822
		4,242	226	4,242	226
				101,408	1,828,082
30.6.2023	31.12.2022	30.6.2023	31.12.2022	30.6.2023	31.12.2022
628,851	848,815	4,726,338	5,498,979	13,716,703	14,685,376
394,818	590,376	4,371,109	4,890,720	8,690,188	9,547,231
0	0	4,447,429	4,893,390	4,447,429	4,893,390

Reconciliation of reportable segments to interim consolidated income statement EUR thousand	2023	2022
	Total revenue for reportable segments	4,448,351
Elimination of discontinued operation	-688,473	-1,280,836
Net sales	3,759,878	5,098,063
Total profit for reportable segments	101,408	1,828,082
Non-controlling interests	-4,242	-226
Elimination of discontinued operation	58,829	-407,329
Net profit for the period from continuing operations	155,995	1,420,527

2. Revenue from Contracts with Customers

For the six months ended June 30

EUR thousand	2023	2022
Revenue from contracts with customers	4,447,074	6,383,469
Revenue from other sources	1,277	-4,570
Net sales from continuing and discontinued operations	4,448,351	6,378,899

Revenue from other sources mainly includes gains/losses for realized cash flow hedges on net sales from foreign exchange forwards. The negative revenue from other sources for the first six months of 2022 is due to losses for realized cash flow hedges on net sales from foreign exchange forwards amounting to EUR 6,615 thousand. Revenue from other sources relating to the discontinued

operation amounted to EUR 1,018 thousand (first six months of 2022: EUR 1,179 thousand).

In the following table, revenue from contracts with customers is disaggregated by segment. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 1).

EUR thousand	2023				
	Polyolefins	Base Chemicals	Borealis NITRO ¹⁾	Non-Allocated	Consolidated
Revenue from contracts with customers	3,065,801	603,506	687,296	90,471	4,447,074
Revenue from other sources	-572	0	1,108	741	1,277
Net sales (as reported in note 1)	3,065,229	603,506	688,404	91,212	4,448,351

EUR thousand	2022				
	Polyolefins	Base Chemicals	Borealis NITRO ¹⁾	Non-Allocated	Consolidated
Revenue from contracts with customers	3,938,093	921,715	1,279,541	244,120	6,383,469
Revenue from other sources	-5,810	0	1,177	63	-4,570
Net sales (as reported in note 1)	3,932,283	921,715	1,280,718	244,183	6,378,899

1) Borealis NITRO: Borealis Fertilizers, Melamine and Technical Nitrogen Products business unit.

3. Intangible Assets and Property, Plant and Equipment and Impairment

Borealis invested EUR 37,821 thousand in intangible assets in the first six months of 2023 (first six months of 2022: EUR 24,793 thousand). Additions arising from internal development amounted to EUR 21,193 thousand (first six months of 2022: EUR 12,983 thousand). Intangible assets received by way of government grants as allowances for emissions (EU Emissions Trading System) amounted to EUR 67,581 thousand for the year 2023 (first six months of 2022: 57,169 thousand). Emissions for the year 2022 were settled in April 2023.

The impairment of intangible assets in the first six months of 2023 for which the carrying amount exceeds the value in use amounted to EUR 2,228 thousand (first six months of 2022: EUR 3,991 thousand).

Additions to property, plant and equipment in the first six months of 2023 amounted to EUR 263,668 thousand (first six months of 2022: EUR 252,569 thousand). Moreover, borrowing costs amounting to EUR 8,565 thousand (first six months of 2022: EUR 7,242 thousand) have been capitalized using an average interest rate of 1.7% (first six months of 2022: 1.7%).

Additions comprise major projects advanced in 2023, which are the new world-scale propane dehydrogenation (PDH) plant at the existing production site in Kallo (Belgium), the Semicon project in Antwerp (Belgium), which supports growth in the Energy segment by creating continuous production chains and improving quality control, and the debottlenecking project of the Kallo PP3 plant project to increase PP production capacity.

As of June 30, 2023, Borealis' contractual commitments amounted to EUR 207,551 thousand (December 31, 2022: EUR 165,294) for the acquisition of property, plant and equipment. This increase results mainly from the new PDH plant in Kallo (Belgium), with capital commitments of EUR 37,558 thousand (December 31, 2022: EUR 6,681 thousand).

4. Changes in Consolidation Scope

4.1. Discontinued Operation

The divestment process of the Borealis nitrogen business unit including fertilizers, technical nitrogen and melamine products (Borealis NITRO) commenced in the first quarter of 2021. This led to the reclassification of the Borealis NITRO disposal group to assets and liabilities held for sale as of March 31, 2021, without having an impact on the income statement at that time. The Group analyzed the component held for sale and determined that this represents a separate major line of business, which is why it is reported as a discontinued operation. The Company's share in fertilizer production sites in the Netherlands and Belgium ("Rosier") was not considered part of the potential sales process at that time and its assets and related liabilities do not belong to the Borealis NITRO disposal group held for sale.

The period to complete the sale was extended by events and circumstances beyond Borealis' control. The developments resulting from the war in Ukraine and related sanctions caused Borealis to decline a binding offer received from EuroChem Group AG in February 2022 and to consider other options. On July 28, 2022, Borealis accepted a new binding offer from AGROFERT, a.s. (Agrofert), which was received on June 2, 2022, after the mandatory information and consultation procedures with employee representatives had been finalized. On the same date, both companies entered into an agreement to sell and transfer all shares in the legal entities included in the scope of the transaction. During June 2023, Borealis and Agrofert entered into three amendment agreements related to the transaction. As per June 30, 2023, all necessary regulatory approval had been obtained and the final preparatory steps for the closing of the transaction were started. For further information please refer to note 13.

The Borealis NITRO disposal group was re-measured at fair value less costs to sell as of June 30, 2023, resulting in the recognition of impairment losses of EUR 69,690 thousand for the period. The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the Borealis NITRO disposal group. The cumulative impairment losses amount to EUR 247,085 thousand as of the reporting date. The non-recurring fair value measurement for the Borealis NITRO disposal group of EUR 895,477 thousand (before costs to sell of EUR 2,000 thousand) has been categorized as a Level 3 fair value and was based on the agreement for the sale and purchase of the NITRO companies

between Borealis and Agrofert and the related amendments. The agreement values the business on an enterprise value basis at EUR 810,000 thousand.

Furthermore, deferred tax income of EUR 34,519 thousand (first six months of 2022: deferred tax expense of EUR 71,039 thousand) has been recognized in the profit from discontinued operation. This deferred tax income relates to a re-measurement of the expected liquidation loss of Borealis France S.A.S., which owns the French companies in the disposal group. It also includes expected tax liabilities arising from the sale of Austrian companies that are part of the disposal group.

On September 26, 2022, Borealis and YILDIRIM Group's YILFERT Holding announced that they had signed a binding agreement for the acquisition of Borealis' shares in Rosier S.A.

(Rosier). The Rosier disposal group was consequently reclassified to assets and liabilities held for sale. Impairment losses of EUR 2,984 thousand for the write-down of the Rosier disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in production costs at that time. The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the Rosier disposal group.

Whilst the component held for sale represented a single cash-generating unit (CGU), it was neither a separate major line of business nor geographical area of operations for Borealis. The Group therefore concluded not to report Rosier as a discontinued operation.

The results of the discontinued operation are shown in the table below:

EUR thousand	2023	2022
For the six months ended June 30		
Total sales	688,473	1,294,922
Elimination of inter-segment revenue	0	-14,086
Net sales	688,473	1,280,836
Other operating income	71,764	115,792
Total sales and other income	760,237	1,396,628
Total expenses	-784,876	-1,139,479
Elimination of inter-segment expenses	0	14,086
Expenses	-784,876	-1,125,393
Operating profit	-24,639	271,235
Financial result	335	324
Measurement of discontinued operation	-69,690	266,344
Profit before taxation	-93,994	537,903
Taxes on income	646	-59,535
Taxes on measurement of discontinued operation	34,519	-71,039
Loss (profit) from discontinued operation, net of tax	-58,829	407,329
Attributable to:		
Non-controlling interests	0	0
Equity holders of the parent	-58,829	407,329

The following assets and liabilities were reclassified as held for sale:

EUR thousand	30.6.2023	31.12.2022		
	Total	Total	thereof Nitro	thereof Rosier
Assets				
Non-current assets				
Intangible assets	125,950	196,766	196,719	47
Property, plant and equipment	628,177	630,066	626,849	3,217
Right-of-use assets	25,168	24,820	23,771	1,049
Investments in associated companies and joint ventures	3,266	4,645	4,645	0
Other investments	16,103	15,940	15,940	0
Other receivables and other assets	9,133	9,084	9,084	0
Deferred tax assets	1,461	2,444	1,592	852
Current assets				
Inventories	139,079	307,564	275,002	32,562
Trade receivables	118,053	146,613	138,217	8,396
Income tax receivables	11,159	4,236	4,236	0
Other receivables and other assets	122,847	164,839	163,319	1,520
Cash and cash equivalents	188,319	16,198	12,004	4,194
Assets of the disposal group held for sale	1,388,715	1,523,215	1,471,378	51,837

EUR thousand	30.6.2023	31.12.2022		
	Total	Total	thereof Nitro	thereof Rosier
Liabilities				
Non-current liabilities				
Lease liabilities	6,139	8,001	7,252	749
Deferred tax liabilities	27,559	12,632	12,632	0
Employee benefits	46,626	48,776	48,776	0
Provisions	24,961	21,619	20,984	635
Other liabilities	3,987	15,950	15,921	29
Current liabilities				
Lease liabilities	3,685	4,720	4,345	375
Trade payables	164,099	280,987	271,783	9,204
Income taxes	58,587	57,628	57,628	0
Provisions	13,924	18,330	18,330	0
Other liabilities	145,701	231,515	229,083	2,432
Liabilities directly related to the disposal group	495,268	700,158	686,734	13,424

4.2. Sale of Rosier

The sale of Borealis' 98.09% participation in Rosier S.A. (Rosier) to YILDIRIM Group was completed on January 2, 2023. Following the completion of the sale, Borealis no longer holds any shares in Rosier. Related to the preparation of the closing accounts and the determination of the final purchase price, losses of EUR 2,716 thousand on the

disposal of Rosier's assets and liabilities were recognized as part of production costs during the first six months of 2023.

The following table shows the effect of the Rosier disposal on the Group's financial position. The deconsolidated assets and liabilities relate to Rosier and its fully owned subsidiaries, Rosier France S.A.S. and Rosier Nederland B.V.

EUR thousand	2023
For the six months ended June 30	
Intangible assets	-47
Property, plant and equipment	-3,217
Right-of-use assets	-1,049
Deferred tax assets	-852
Inventories	-32,562
Trade receivables	-8,396
Other current receivables and other current assets	-1,520
Cash and cash equivalents	-4,194
Non-current lease liabilities	749
Provisions	635
Other non-current liabilities	29
Current lease liabilities	375
Trade payables	9,204
Other current liabilities	2,432
Net assets and liabilities	-38,413
Consideration received, satisfied in cash	36,668
Cash and cash equivalents disposed of	-4,194
Net cash inflows	32,474

4.3. Business Combination Renasci

On January 11, 2023, Borealis via Borealis Circular Solutions Holding GmbH, Vienna, Austria, acquired an additional stake of 22.59% of the shares in Renasci N.V. (Renasci). The increased shareholding was achieved by means of a capital contribution for newly issued shares and through the purchase of shares from the sellers, Ouroboros Invest N.V. and Carlo Vermeersch, both based in Belgium.

Together with a shareholding of 27.42% already owned before the latest acquisition, Borealis became the majority owner of Renasci, holding 50.01% of the share capital in total.

Following the step acquisition, Borealis holds a majority of shares, which all have the same rights. Borealis obtained power and control of Renasci, as the relevant activities are firstly directed by voting rights and veto rights are protective rights according to IFRS 10 only. Hence, Borealis obtained control of Renasci in line with IFRS 10, which led to the discontinuation of the use of the equity method according

to IAS 28 and the application of the rules for business combination according to IFRS 3.

Renasci introduces an innovative process that combines multiple compatible waste treatment technologies, allowing for maximum material and energy recovery. The process offers a totally new approach to waste processing by converting plastic containing waste streams such as demolition waste and specific household waste streams into usable end products, instead of sending them to landfill.

The acquisition has been accounted for using the acquisition method. The acquisition date fair value of the acquired assets and liabilities is considered final. The consolidated financial statements include the results of Renasci for the six-month period from the acquisition date.

The fair value of the identifiable assets and liabilities of Renasci as at the date of acquisition were:

EUR thousand	Fair value recognized on acquisition
Assets	
Non-current assets	
Intangible assets	19,343
Property, plant and equipment	63,301
Investments in associated companies and joint ventures	52,500
Current assets	
Inventories	416
Trade receivables	2,222
Other receivables and other assets	183
Cash and cash equivalents	7,037
Total assets acquired	145,002
Liabilities	
Non-current liabilities	
Loans and borrowings	38,283
Deferred tax liabilities	4,357
Other liabilities	9,823
Current liabilities	
Loans and borrowings	7,798
Trade payables	4,000
Other liabilities	224
Total liabilities	64,485
Total identifiable assets fair value	80,517
Attributable to Borealis	40,266
Interests previously held	24,766
Consideration transferred	15,500
Percentage acquired	22.59%

The recognized assets and liabilities relate to Renasci and its fully owned subsidiaries Renasci Oostende Holding N.V., Renasci Oostende Recycling N.V. and Renasci Oostende SCP N.V. The consideration transferred for 22.59% of the share capital of Renasci comprised a cash payment of EUR 10,500 thousand for the purchase of 35,719 shares and a capital contribution for newly issued shares of EUR 5,000 thousand, both in January 2023. The cash acquired

with this acquisition amounted to EUR 7,037 thousand, resulting in a net cash outflow on the acquisition of EUR 8,463 thousand. The transaction costs amounted to EUR 212 thousand in total, of which EUR 107 thousand were expensed in 2023 and are included in administrative costs in the income statement. They are also part of operating cash flows in the statement of cash flows for the first six months of 2023.

The fair value of the trade receivables acquired through the business combination amounted to EUR 2,222 thousand which have been fully collected. From the date of the acquisition until the reporting date, Renasci has contributed EUR 533 thousand of revenue and EUR -10,712 thousand to the net result of the Group.

The fair value re-measurement of the interests previously held led to an expense of EUR 20,433 thousand.

4.4. Other Changes

Following the acquisition of 0.25% of the shares in DYM SOLUTION CO., LTD during the first six months of 2023, Borealis now has a 100% shareholding.

7. Inventories

EUR thousand	30.6.2023	31.12.2022
Finished products	966,639	1,008,200
Raw materials and consumables	394,035	471,316
Total	1,360,674	1,479,516

Impairment losses of EUR 37,909 thousand (first six months of 2022: EUR 23,967 thousand) were recognized in the first six months of 2023.

8. Provisions

The Group's provisions consist of provisions for restructuring, decommissioning, legal, environmental and other provisions. The provisions are generally based on past events and commitments arising therefrom. The timing of cash outflows cannot be determined with certainty for all provisions.

Restructuring

Provisions for restructuring amounted to EUR 5,349 thousand (December 31, 2022: EUR 70 thousand) and cover estimated costs for the ongoing restructuring programs.

Decommissioning

Provisions for decommissioning amounted to EUR 24,919 thousand (December 31, 2022: EUR 24,481 thousand) and cover the expected

5. Investments in Associated Companies and Joint Ventures

Borealis acquired additional stakes in Renasci N.V. (Renasci) in 2023. Borealis now has control and Renasci is no longer classified as an associated company. Part of the identified assets of Renasci are shares in associated companies: 21.25% share in BlueAlp Holding B.V., based in Groot-Ammers (the Netherlands) and a 25% share in Petrogas International B.V. based in Eindhoven (the Netherlands). For further information on the business combination for Renasci, please refer to note 4.3.

6. Tax Contingencies

Some Borealis Group companies have appealed against certain tax audit re-assessments, and it is uncertain whether those appeals will be successful. Management's opinion is that the Company complies with all applicable regulations.

clean-up and dismantling costs for plants located on rented land in Germany and Belgium. It is expected that EUR 4,823 thousand will be used by 2027 and EUR 20,024 thousand by 2052.

Legal

Legal provisions amounted to EUR 3,612 thousand (December 31, 2022: EUR 3,726 thousand) and represent litigation provisions in various business areas.

Environmental

Environmental provisions amounted to EUR 1,220 thousand (December 31, 2022: EUR 1,220 thousand) and cover several environmental exposures in the Group.

Other

Other provisions amounted to EUR 59,003 thousand (December 31, 2022: EUR 80,302 thousand) and cover numerous types of obligations, including incentive plans.

9. Loans and Borrowings and Lease Liabilities

The composition of interest-bearing loans and borrowings and lease liabilities (current and non-current debt) as of June 30, 2023 was as follows:

EUR thousand		30.6.2023						
Due		Term loans	Bond	Utilized uncommitted facilities	Export credits	Total loans and borrowings	Unutilized committed facilities	Lease liabilities
After	5 years	212,543				212,543		465,850
Within	5 years	274,133				274,133		28,362
	4 years	5,844				5,844	1,000,000	36,273
	3 years	115,173	298,714			413,887		44,301
	2 years	497,162				497,162		47,270
Total non-current debt		1,104,855	298,714	0	0	1,403,569	1,000,000	622,056
Total current debt		155,328	0	4	0	155,333	166,011 ¹⁾	49,752
Total debt		1,260,183	298,714	4	0	1,558,902	1,166,011	671,808

1) Borealis maintains EUR 166,011 thousand in export credit facilities, thereof EUR 35,200 thousand related to the NITRO disposal group (these were undrawn on June 30, 2023). These facilities are economically evergreen in nature but include a one-year notice for cancellation.

The composition of interest-bearing loans and borrowings (current and non-current debt) as of December 31, 2022, was as follows:

EUR thousand		31.12.2022						
Due		Term loans	Bond	Utilized uncommitted facilities	Export credits	Total loans and borrowings	Unutilized committed facilities	Lease liabilities
After	5 years	360,166				360,166		436,299
Within	5 years	121,328				121,328		22,650
	4 years	84,748				84,748	1,000,000	30,599
	3 years	330,492	298,460			628,952		35,343
	2 years	317,007				317,007		38,348
Total non-current debt		1,213,741	298,460	0	0	1,512,201	1,000,000	563,239
Total current debt		40,599	0	1,330	0	41,929	166,011 ¹⁾	42,635
Total debt		1,254,340	298,460	1,330	0	1,554,130	1,166,011	605,874

1) Borealis maintains EUR 166,011 thousand in export credit facilities, thereof EUR 35,200 thousand related to the NITRO disposal group (these were undrawn on December 31, 2022). These facilities are economically evergreen in nature but include a one-year notice for cancellation.

The Group's financing mainly comprises committed credit lines (largely syndicated), term loans, bonds, private placements and export credits. The loans and borrowings are all measured at amortized cost.

Borealis continues to maintain a strong diversified liquidity position through its EUR 1 billion fully committed Syndicated Revolving Credit Facility (RCF), of which EUR 1 billion remained undrawn as of the end of June 2023, and by terming out its debt through diverse funding channels. The RCF was refinanced in December 2019 with a five-year tenor with two one-year extension options at lenders' discretion. The second and final RCF extension option was utilized in December 2021 and the new maturity date is now December 19, 2026.

As of June 30, 2023, the Group had total committed credit facilities of EUR 1,166,011 thousand (December 31, 2022: EUR 1,166,011 thousand). Besides the above-mentioned undrawn EUR 1 billion RCF, Borealis had OeKB Export Credit Facilities in the amount of EUR 166,011 thousand (December 31, 2022: EUR 166,011 thousand). These remained undrawn as of June 30, 2023.

In the first six months of 2023, Borealis increased its debt position by EUR 70,706 thousand, mainly driven by an increase in non-current lease liabilities. The net debt position, which increased by EUR 508,008 thousand, resulted in a gearing ratio of 5%. The net debt and resulting gearing ratio includes interest-bearing debt reclassified as liabilities associated with assets held for sale and includes cash and cash equivalents that were reclassified as assets held for sale.

In November 2018, S&P Global Ratings issued a BBB+ rating with a stable outlook for Borealis. This constitutes the first public rating for the Company, which has been successfully active in a wide range of financing markets

and instruments over the last ten years and has built up a robust and well-diversified funding portfolio. While Borealis' long-term banking partners and investors have always appreciated the Company's strong credit quality, the public rating provides a very good additional evaluation basis for all external stakeholders. On January 25, 2023, S&P Global Ratings affirmed Borealis' BBB+ rating with a stable outlook.

Under Borealis' funding strategy, a strongly diversified financing portfolio has been implemented in past years with the aim of maintaining a balanced maturity profile. In addition, Borealis is pursuing a long-term relationship approach with a larger group of international financing institutions that support the Company in funding and risk management transactions.

This, combined with a resilient balance sheet and the strong public rating, gives Borealis access to a wide variety of attractive funding instruments (such as bonds, the German Schuldschein, US Private Placement, foreign investment financing, bank loans and other). To meet its financing needs in 2023 and beyond, Borealis will continue to explore several suitable financial instruments fitting its strategy.

Some loan agreements have financial covenants based on maintaining certain gearing and solvency ratios. As of June 30, 2023, Borealis was in compliance with all financial covenants stipulated by the loan agreements.

10. Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

EUR thousand	30.6.2023			31.12.2022		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
Assets						
Other investments						
Other investments	23,576	23,576	3	18,459	18,459	3
thereof at fair value through profit or loss	18,205			15,391		
thereof at fair value through other comprehensive income	5,371			3,068		
Trade receivables						
Trade receivables	628,050			788,440		
thereof at amortized cost	523,383			662,767		
thereof at fair value through profit or loss	104,667			125,673		
Cash and cash equivalents						
Cash	157,922			221,260		
Other current deposits	1,455,965			2,004,947		
at amortized cost	1,613,887			2,226,207		
Loans granted (current and non-current)						
Loans granted	886,848	893,229	2	694,016	691,607	2
at amortized cost	886,848			694,016		
Other receivables and other assets (current and non-current)						
Marketable securities and bonds	26,812	26,812	1	26,431	26,431	1
at fair value through profit or loss	26,812			26,431		
Derivative financial instruments for which hedge accounting is applied	122,538	122,538	2	354,293	354,293	2
Hedging instruments	122,538			354,293		
Derivative financial instruments for which hedge accounting is not applied	21,650	21,650	2	2,994	2,994	2
at fair value through profit or loss	21,650			2,994		
Deposits and other receivables	165,700			157,419		
at amortized cost	165,700			157,419		
Other non-financial assets	201,848	n/a	n/a	197,469	n/a	n/a
Total other receivables and other assets (current and non-current)	538,548			738,606		

EUR thousand	30.6.2023			31.12.2022		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
Liabilities						
Loans and borrowings (current and non-current)						
Bond	298,714	286,617	1	298,460	289,884	1
Floating rate loans and borrowings	268,282	270,012	2	275,414	274,738	2
Fixed rate loans and borrowings	991,906	882,119	2	980,256	872,649	2
at amortized cost	1,558,902			1,554,130		
Trade payables						
Trade payables	620,120			862,826		
at amortized cost	620,120			862,826		
Other liabilities (current and non-current)						
Derivative financial instruments for which hedge accounting is applied	34,569	34,569	2	28,364	28,364	2
Hedging instruments	34,569			28,364		
Derivative financial instruments for which hedge accounting is not applied	22,540	22,540	2	10,004	10,004	2
at fair value through profit or loss	22,540			10,004		
Interest accruals on loans and borrowings	8,469			7,021		
Other financial liabilities	213,071			97,414		
at amortized cost	221,540			104,435		
Financial guarantee liabilities	26,841	26,841	2	27,799	27,799	2
Other non-financial liabilities	169,602	n/a	n/a	252,832	n/a	n/a
Total other liabilities (current and non-current)	475,092			423,434		

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly or indirectly. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in less active markets or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the

valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

In the first six months of 2023, no transfers between the different levels of the fair value hierarchy took place.

Other Investments

The equity value of the other investments is assumed to equal other investments' fair value.

The following table presents the changes in other investments (level 3 items):

EUR thousand	2023	2022
Balance as of January 1	18,459	18,355
Investments and acquisitions	2,303	56
Fair value changes recognized in income statement (financial income)	2,860	115
Exchange adjustments	-46	-67
Balance as of the reporting date	23,576	18,459

Trade and Other Receivables and Assets

The fair value of trade and other receivables and assets is estimated to equal the nominal values less impairments (= carrying amount).

The carrying amount of deposits and other receivables is not materially different from their fair value.

Loans Granted

The fair value of loans granted is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest and adjusted for the respective counterparty credit risk as of the reporting date.

Derivatives

The fair value of foreign exchange derivatives is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the derivative using market rates as of the reporting date.

The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each derivative and using market rates for a hypothetical instrument as of the reporting date. The credit quality of counterparties did not lead to a significant change in the fair values.

The fair value of commodity derivatives is estimated by discounting the difference between the current forward price and the contractual forward price.

Other Non-financial Assets and Liabilities

Other non-financial assets and liabilities are shown solely for reconciliation purposes.

Non-derivative Financial Liabilities

Fair value for non-current and current loans and borrowings is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest adjusted for Borealis' credit risk as of the reporting date. All fair values are excluding the outstanding interest accruals as of the reporting date.

The fair value of trade and other payables is estimated to equal the carrying amount.

Contingent Consideration

For the acquisition of the remaining 50% of Novealis in 2020, a contingent consideration up to EUR 10,150 thousand was agreed based on an earnings target for 2022. According to Borealis' assessment, the earnings target was not met. As a result, the contingent consideration was derecognized.

11. Other Operating Income

In the first six months of 2023, other operating income consisted mainly of intangible assets received by way of government grants as allowances for emissions (EU Emissions Trading System) of EUR 32,377 thousand (first six months of 2022: EUR 85,848 thousand). Furthermore, gains from foreign currency translation effects related to

working capital amounting to EUR 27,215 thousand (first six months of 2022: EUR 46,129 thousand) are also included. Moreover, insurance compensation of EUR 7,218 thousand, thereof EUR 6,699 thousand for the business interruption in Schwechat refinery (first six months of 2022: EUR 134 thousand) is recognized here.

12. Transactions with Related Parties

EUR thousand	Transaction values for the six months ended June 30		Balance outstanding	
	2023	2022	30.6.2023	31.12.2022
Sales of goods and services to				
Associated companies	5,044	6,635	20,132	21,801
Joint ventures	297,491	311,771	117,404	161,834
Companies with significant influence	0	5,248	0	0
Other related parties	39,924	64,594	8,471	15,532
Purchases of goods and services from				
Associated companies	60,803	46,959	0	150
Joint ventures	203,192	234,904	91,315	88,745
Companies with significant influence	4	27,349	0	0
Other related parties	681,604	1,206,660	44,129	182,788
Others				
Loans granted and related interest – Associated companies	1,181	696	50,166	40,022
Loans granted and related interest – Joint ventures	30,715	13,922	842,099	656,973
Financial guarantee receivables – Joint ventures	0	0	26,669	28,712
Financial guarantee liabilities – Joint ventures	0	0	26,841	27,799
Lease liabilities and related interest – Parent company	10	0	7,213	8,556
Lease liabilities and related interest – Other related parties	110	146	9,877	12,348
Income taxes receivable and related expense – Parent company	11,679	0	32,042	0
Income taxes liability and related expense – Parent company	0	255,054	0	111,127

The amounts shown in the table include transaction values and balance outstanding from discontinued operation.

Due to the ownership change in Borealis on November 8, 2022, the transactions with Mubadala group entities are shown under "Companies with significant influence" until the end of October 2022, whereas, starting with November 2022, the transactions and outstanding balances with Abu Dhabi National Oil Company (ADNOC) P.J.S.C. and its group entities are shown under "Companies with significant influence".

Borealis has a commitment to grant a shareholder loan (SHL) to Borouge 4 LLC (Borouge 4) with a total value of EUR 982,882 thousand to part-finance the Borouge 4 CAPEX requirements. As of June 30, 2023, EUR 150,930 thousand from the total commitment has been drawn. The SHL is structured as a facility with a five-year tenor. Borealis retains the right to accelerate the prepayment of the outstanding amounts at the point of reintegration. Additionally, Borealis granted a guarantee for the funding of Borouge 4 under the Italian Export Credit Agency agreement. The total guaranteed by Borealis amounts to EUR 1,174,305 thousand plus interest, thereof EUR 185,901 thousand had been utilized by June 30, 2023. On the reporting date, the Group also had financing commitments to Kilpilahden Voimalaitos Oy (KPP) amounting to EUR 1,000 thousand (December 31, 2022: EUR 10,000 thousand). KPP's entitlements are dependent on the fulfilment of specific events, as defined in the underlying contracts. Due to additional loan drawings, no undrawn financing commitment to Bayport Polymers LLC (Baystar) was reported as of June 30, 2023 (December 31, 2022: EUR 46,050 thousand).

Starting from January 1, 2021, Austrian Borealis group entities belong to the Austrian OMV tax group and tax charges resulting from tax allocation agreements are settled with OMV Aktiengesellschaft. Consequently, income tax receivable to the parent company is shown under Other receivables and other assets.

For further information on dividends received from associated companies and joint ventures, please refer to the interim consolidated cash flow statement. For information relating to dividends paid, please refer to the statement of changes in equity.

13. Subsequent Events

In June 2022, Borealis AG received a binding offer from AGROFERT, a.s. for the acquisition of its nitrogen business including fertilizer, melamine and technical nitrogen products. The transaction, for which the business was valued on an enterprise value basis at EUR 810,000 thousand, was completed on July 5, 2023.

14. Executive Board and Supervisory Board

Executive Board

Thomas Gangl (Chairman), Mark Tonkens (Member until May 31, 2023), Daniel Turnheim (Member since June 1, 2023), Wolfram Krenn, Philippe Roodhooft, Lucrece De Ridder

Supervisory Board

Alfred Stern (Chairman until April 18, 2023), Daniela Vlad (Chairwoman since April 19, 2023), Khaled Salmeen (Vice Chairman), Reinhard Florey, Martijn Arjen van Koten, Khaled Al Zaabi

Vienna, August 17, 2023

Executive Board:

Thomas Gangl m.p.
Chief Executive Officer

Daniel Turnheim m.p.
Chief Financial Officer

Wolfram Krenn m.p.
Executive Vice President
Base Chemicals & Operations

Philippe Roodhooft m.p.
Executive Vice President
Joint Ventures & Growth Projects

Lucrèce De Ridder m.p.
Executive Vice President
Polyolefins, Circular Economy Solutions
and Innovation & Technology

Statement of the Executive Board according to Section 125(1)(3) of the Vienna Stock Exchange Act

We confirm to the best of our knowledge that the consolidated interim financial statements, prepared in accordance with the rules for interim financial statements set forth in the International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group and that the Group Management Report on the first half year provides a true and fair view of important events that have occurred during

the first six months of the financial year and the impact on the interim financial statements as well as the principal risks and uncertainties for the remaining six months of the financial year.

The presented interim financial report has not been subject to an audit or review.

Vienna, August 17, 2023

Executive Board:

Thomas Gangl m.p.
Chief Executive Officer

Daniel Turnheim m.p.
Chief Financial Officer

Wolfram Krenn m.p.
Executive Vice President
Base Chemicals & Operations

Philippe Roodhooft m.p.
Executive Vice President
Joint Ventures & Growth Projects

Lucrece De Ridder m.p.
Executive Vice President
Polyolefins, Circular Economy Solutions
and Innovation & Technology

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