

STANDALONE

Financial Statement 2021



Keep Discovering

 **BOREALIS**



Gender Disclaimer

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



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About Borealis

Executive Board



Thomas Gangl
Chief Executive

Appointed: April 2021

Prior to joining Borealis as new CEO in April 2021, Thomas Gangl was a member of the OMV Executive Board and in charge of Refining & Petrochemical Operations at OMV from 2019. In his 20 years at OMV, Thomas Gangl helped shape the company's refining and petrochemicals business. He played a crucial role in laying the foundation of the OMV circular economy strategy, most notably by establishing chemical recycling at OMV. Since starting in 1998 as a process engineer, his OMV career positions include General Manager of OMV Deutschland GmbH and Senior Vice President, Business Unit Refining & Petrochemicals.

Mark Tonkens

Chief Financial Officer

Appointed: November 2014

Mark Tonkens joined Borealis in 2009. Before assuming the position as Borealis CFO in November 2014, he had served as Borealis Senior Vice President Group Controlling. Mark Tonkens came to Borealis after holding a number of senior management roles in the Royal Philips group, acting as CFO and Senior Vice President of major business units and country organisations around the globe, from the Netherlands and Greece in Europe, to Taiwan and Hong Kong in Asia.





Lucrèce Foufopoulos-De Ridder
Executive Vice President Polyolefins & Innovation & Technology
 Appointed: January 2019

Lucrèce Foufopoulos-De Ridder was appointed to the Borealis Executive Board as Executive Vice President Polyolefins and Innovation & Technology in January 2019. She joined Borealis after a career of more than 20 years in the chemical and petrochemical industry, most recently at Eastman, where she served as Vice President & General Manager of the Rubber Additives business unit. Prior to that, Lucrèce Foufopoulos-De Ridder held a variety of positions at multinationals, including Dow Chemical, Rohm and Haas, Dow Corning and Tyco. She currently serves on the supervisory board of Royal Vopak.

Wolfram Krenn
Executive Vice President Base Chemicals & Operations
 Appointed: July 2021

Wolfram Krenn was appointed Executive Vice President Base Chemicals and Operations and member of the Borealis Executive Board in July 2021. Immediately prior to joining Borealis, Wolfram Krenn had held the position of Senior Vice President for Refining Assets at OMV since 2019. Having started his career at OMV in 1998 as a process engineer, he gained international experience in production and operations as lead for OMV Petrom's Petrobrazi Refinery in Romania. In 2018, he was appointed Senior Vice President Site Management Schwechat, Austria.



Philippe Roodhooft
Executive Vice President Joint Ventures & Growth Projects
 Appointed: November 2017

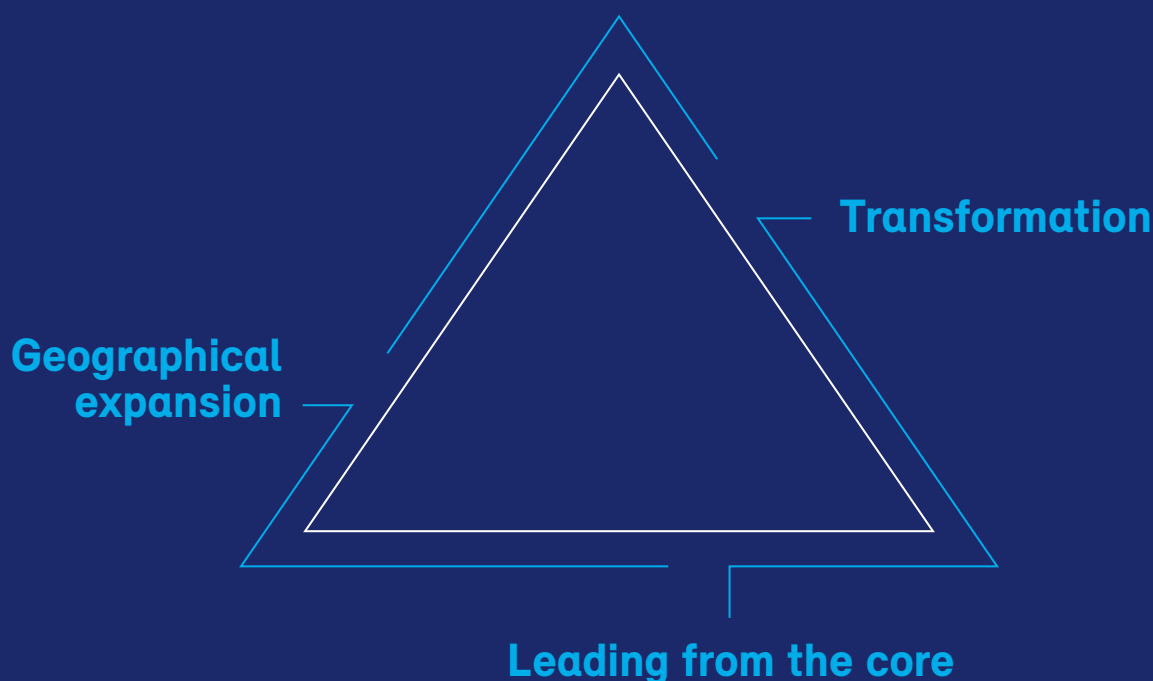
Philippe Roodhooft was appointed Executive Vice President Middle East and Growth Projects in November 2017, after having served since 2013 as Chief Operating Officer of Borouge ADP in the UAE. Prior to that, Philippe Roodhooft held Vienna-based senior management positions, including Senior Vice President Supply Chain and Product Management for Polyolefins, Senior Vice President Operations for the Borealis Group and General Manager for the Central European production sites.



Our Group Strategy 2035

**Life
demands
progress.**

We are
re-inventing
for more
sustainable
living.



Geographical expansion

Leverage core to become a fully global partner to customers for high-value material solutions

North America

Grow through M&A or selected build projects to strengthen the global footprint

MEA

Build on ADNOC partnership to capture further growth with assets in Abu Dhabi and in Asia

Transformation

Evolve to fully customer-centric approach to offer sustainable high-value and circular material solutions

Circular Economy

Lead the transformation to a truly circular economy across all applications

Value Add

Acquire adjacencies to complement and accelerate value creation through innovation

Leading from the core

Build on safety, values and culture to sustain strong integrated margins in high-value polyolefin solutions

Sustainability

Improving environmental footprint and sustainable use of resources in areas where we operate

People

Drive impactful leadership in a high-performing, diverse and mobile organisation and a purposeful work place

Excellence

Focus on excellence across all activities. Utilise technology and digitalisation to drive efficiencies



Our Values

Responsible

... is just a theory until you put it into action.

- We strive for zero incidents in health and safety.
- We consider our local and global responsibility for the environment in our decisions.
- We do business according to high ethical standards and lead by example.



Respect

... is just a word until you live its meaning.

- We trust and involve people and communicate openly, respectfully and in a timely manner.
- We collaborate, support and help each other to develop for the best of Borealis.
- We build on diversity for better results as “One Company”.





Exceed

... is just a goal until it becomes your path.

- We win through excellence and deliver beyond expectations.
- We commit to making joint decisions and follow through.
- We give feedback and make “Connect-Learn-Implement” and “Continuous Improvement” a natural way of working.



Nimblicity™

... is just a concept until you make it your routine.

- We are fit, fast and flexible and seek smart and simple solutions.
- We encourage decisions at all levels of the organisation to increase ownership and speed to realisation.
- We welcome change and manage it to shape our future.



Our Business

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. The Group leverages its polymers expertise and decades of experience to offer value-adding, innovative and circular material solutions for key industries. In re-inventing for more sustainable living, Borealis builds on its commitment to safety, its people and excellence, as it accelerates the transformation to a circular economy and expands its geographical footprint.

With head offices in Vienna, Austria, Borealis employs 6,900 employees and operates in over 120 countries. In 2021, Borealis generated EUR 10.2 billion in total sales and other income and a net profit of EUR 1,396 million. OMV, the Austria-based international oil and gas company, owns 75% of Borealis, while the remaining 25% is owned by a holding company of the Abu Dhabi-based Mubadala. The Group supplies services and products to customers around the globe through Borealis and two important joint ventures: Borouge (with the Abu Dhabi National Oil Company, or ADNOC, based in UAE) and Baystar™ (with TotalEnergies, based in the US).

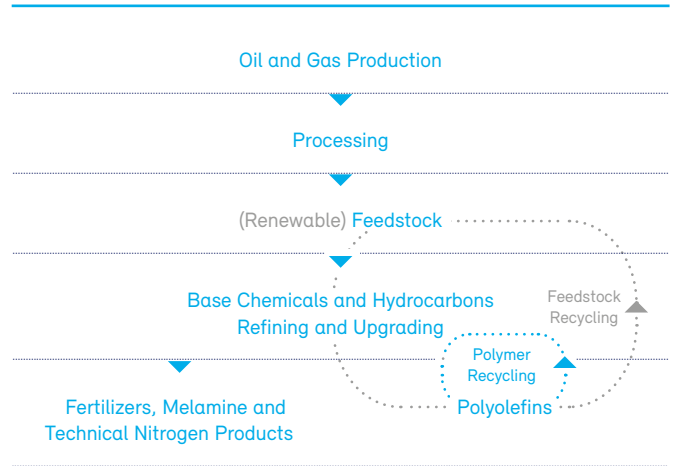
Value creation through innovation is at the core of Borealis strategy

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 three business areas: Polyolefins, Base Chemicals and Fertilizers, Melamine & Technical Nitrogen Products.

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.

Borealis offers advanced polyolefins for virgin and circular economy solutions, servicing these industries: Consumer Products, Energy, Healthcare, Infrastructure and Mobility.

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, mobility 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 Borealis partners – OMV and Renasci), reuse, renewable feedstock and design for recyclability (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 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 consumer 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, mobility 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 are making solar energy 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.

Health Care

Borealis offers reliable solutions that add value to health care, thanks to an impressive track record in Value Creation through Innovation and close cooperation with customers.

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

Health care 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 plastic 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 kilogrammes (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

Hydrocarbons & Energy

Borealis produces a wide range of products for use in numerous industries, including phenol, acetone, ethylene and propylene. Borealis sources various feedstock, such as naphtha, butane, propane and ethane from the oil and gas industry. Through its olefin units, it converts these into the building blocks of the chemical industry: ethylene, propylene and C4 hydrocarbons (petrochemical derivatives consisting of butanes, butylenes and butadienes), among others. Steam crackers in Finland, Sweden and Abu Dhabi – the latter operated by Borouge – produce ethylene, propylene and C4 hydrocarbons, while propylene is also produced in a propane dehydrogenation plant in Kallo, Belgium. Feedstock and other olefins required for Borealis and Borouge polyolefin plants are either sourced from its owners or purchased on the market. A range of co-products from the steam cracking process, including butadiene, butene compounds and pygas, are also sold on international markets.

Phenol, benzene, cumene and acetone are produced in Finland and sold mainly to the adhesive, fibre, epoxy resin and polycarbonate industries. In the Nordic and Baltic regions, Borealis is the leading producer of phenol, which is used



in adhesives, construction materials, carpets, CDs, DVDs, mobile phones and household appliances. Acetone is commonly used in solvents for paints, acrylics, fibres and pharmaceuticals.

In line with its ambition to proactively drive the transition to a circular economy, Borealis has also started to process renewable and chemically recycled feedstock.

Fertilizers, Melamine and Technical Nitrogen Products

Borealis produces and then distributes and supplies around five million tonnes of fertilizers and technical nitrogen products each year via its Borealis L.A.T distribution network. This comprises more than 60 warehouses across Europe and has an inventory capacity of over 700,000 tonnes.

Fertilizers

Efficient and effective use of fertilizers has become more essential than ever. The world's population is expected to rise from today's 7.6 billion to over 9.6 billion by 2050, and an increasing number of people will live in densely populated urban areas. As incomes in emerging nations rise, more meat is consumed and more grain must be produced to feed livestock. Biofuels also generate demand for increased yields. Because space for agricultural expansion is limited, yields must be optimised. At the same time, in many nations there is a heightened awareness of the need to promote fertilizers with low carbon footprints, maintain healthy soil environments and reduce run-off from fields.

The product portfolio comprises nitrogenous fertilizers, compound NPK fertilizers and speciality fertilizers with various formulas of primary and secondary nutrients as well as oligo elements. Non-European markets are serviced mainly via the Borealis Rosier distribution network.

Melamine

Borealis produces melamine at its plants in Linz, Austria, and at its facility in Piesteritz, Germany. Converted from natural gas, melamine has become an essential material for the global production of synthetic resins. Around 80% of Borealis' melamine production is destined for the wood-based panel industry, for example for decorative surface coatings of wood-based materials. Melamine also plays an important role in the manufacture of everyday objects used in the kitchen or around the house, for example, as one component used to make handles for pots and pans.

Technical Nitrogen Products

A broad range of technical nitrogen product solutions is derived from the raw materials urea, ammonia, ammonium nitrate and nitric acid.

AdBlue®

AdBlue, a high-purity aqueous urea solution, is used as a NO_x reduction agent for trucks, buses, tractors, construction machinery and diesel passenger cars.

Ammonia

A compound of nitrogen and hydrogen, ammonia has many uses: as a precursor or intermediate product in the production of nitrogenous materials; as a refrigerant in cooling systems; as a NO_x reduction agent; and as a hardening agent for metal surfaces.

Urea

Urea is a synthetically produced organic compound of ammonia and carbon dioxide. It is utilised in the production of melamine and the glues used in particle boards, but also as a raw material for resins and as a NO_x reduction agent.



Financial Statements

including Management Report



Auditor's Report ^{1) 2)}

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of Borealis AG, Vienna, which comprise the balance sheet as of 31 December 2021, the income statement for the financial year then ended and the notes.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2021, and of its financial performance for the financial year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

Recoverability of Investments in Affiliated Companies and Receivables from Affiliated Companies

Description

Borealis AG, Vienna, owns investments in affiliated companies with book values in the amount of EUR 2,151.2 million as of 31 December 2021. Among others, the following investments in affiliated companies show a negative result for the financial year 2021:

- Rosier S.A., Moustier, Belgium
- Borealis Circular Solutions Holding GmbH (formerly CERHA HEMPEL Leilani Holding GmbH), Vienna, Austria
- Borealis Sverige AB, Stenungsund, Sweden
- Borealis USA Inc., Port Murray, US
- mtm plastics GmbH, Niedergebra, Germany

In addition, Borealis France S.A.S., France, shows a triggering event for impairment given the expected loss that will incur as a result of the planned disposal of its subsidiaries Borealis Produits et Engrais Chimiques du Rhin S.A.S., France, and Borealis Chimie S.A.S., France.

In accordance with section 204 para. 2 UGB, investments in affiliated companies are to be written down if the impairment is expected to be permanent. In accordance with section 207 UGB, receivables from affiliated companies are to be written down in case they are not recoverable. In the financial statements as of 31 December 2021, the assessment of the recoverability of the investments in affiliated companies and receivables from affiliated companies also had to take into account the effects of the COVID-19 pandemic. Management is of the opinion that permanent impairments exist as of 31 December 2021 due to a negative equity value in the valuation models. Therefore, the investment in Rosier S.A., Belgium, was 100% impaired and write-downs in the amount of EUR 38.7 million were recognised in the income statement of the financial year. The receivables from Rosier S.A., Belgium, have also been assessed regarding their recoverability. As a result the receivables were impaired by EUR 40.6 million. Further, the investment in Borealis France S.A.S., France, was 100% impaired and write-downs in the amount of EUR 394.9 million were recognised in the income statement in the financial year.

1) We draw attention to the fact that the English translation of this auditor's report according to section 274 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Given the complexity of the impairment models, the estimation uncertainty involved in the derivation of data used, as well as the immanent discretionary decisions, the recoverability of investments in affiliated companies and receivables from affiliated companies is considered as a key audit matter.

Audit Approach and Key Observations

When assessing the recoverability of investments in affiliated companies and receivables from affiliated companies, we evaluated the appropriateness of the respective valuation models. In doing so, we assessed the valuation method as well as evaluated the parameters used by management. We confirmed that the assumptions used to derive the future cash flows are based on the most recent five-year plan prepared by management and approved by the Supervisory Board. In particular, we verified whether the effects of the COVID-19 pandemic were adequately taken into account in the current plan. Our internal specialists have evaluated if the assumptions used for the discount interest rate as well as the growth rate for the perpetuity are in line with external market and industry data. We further examined if these models comply with the generally accepted valuation principles in accordance with KFS/BW1, if they are calculated correctly and consistent with the prior year, and if the underlying assumptions are reasonable and appropriate.

The valuation models as well as the assumptions and parameters used in the valuation – also taking into account the effects of the COVID-19 pandemic –, the corresponding impairment and the respective disclosures are appropriate.

Reference to Related Disclosures

Management explained this key audit matter in section F. Financial result in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the financial report, but does not include the financial statements, the management report and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it



exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements **Comments on the Management Report for the Company**

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243a UGB, and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional Information in Accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the ordinary general meeting dated 24 February 2021. We were appointed by the Supervisory Board on 24 February 2021. We have audited the Company for an uninterrupted period since the financial year 2016.

We confirm that the audit opinion in the “Report on the Financial Statements” section is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Regulation.

We declare that no prohibited non-audit services (Article 5 para. 1 of the EU Regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Alexander Riavitz, Austrian Certified Public Accountant.

Vienna, 17 February 2022

PwC Wirtschaftsprüfung GmbH

Alexander Riavitz m.p.

Austrian Certified Public Accountant

2) This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the financial statements together with our auditor's report is only allowed if the financial statements and the management report are identical with the German audited version. This auditor's report is only applicable to the German and complete financial statements with the management report. For deviating versions, the provisions of section 281 para. 2 UGB apply.



Management Report as of 31 December 2021

Operational Review

Following its unprecedented 2020 slump as a consequence of the global COVID-19 pandemic, the Brent Crude oil price rebounded in 2021. As countries around the world began lifting COVID-related restrictions, the subsequent economic recovery drove demand. The price of oil surged from 55 USD/bbl in January 2021 to a peak of 84 USD/bbl in October, its highest level since 2014. Overall, the average 2021 Brent Crude oil price of 71 USD/bbl exceeded both the 2020 average of 42 USD/bbl as well as the pre-COVID average of 64 USD/bbl in 2019, a clear indication of recovery.

Naphtha developed in a similar vein as the oil price, increasing steadily from 500 USD/t in January 2021 to a peak of 763 USD/t in October 2021, before tapering off slightly to end the year at 698 USD/t. Ethylene and propylene contract prices have also been positively affected by rebounding markets, with the ethylene price starting the year at 860 EUR/t and hitting a high in November at 1,283 EUR/t, before ending the year at 1,273 EUR/t. The price of propylene moved upwards from 800 EUR/t in January to reach 1,288 EUR/t in November, ending the year at the same level.

Borealis Polyolefins sales volumes increased in a market environment which continues to be impacted by the pandemic. In 2021, Borealis Polyolefins sales volumes reached 3.95 million tons, 2% higher than in 2020, and an increase of 4% over the pre-COVID sales volumes achieved in 2019. This exceptionally strong result is due to robust demand for Borealis Polyolefins which became apparent even prior to the initial signs of economic recovery at the beginning of 2021, which was particularly strong in the energy, pipe and advanced product sectors. At the same time, we saw ongoing supply constraints rooted in logistics problems and industry production outages. Integrated polyolefin industry margins climbed to record levels, thus leading to an outstanding profit contribution from the Borealis Polyolefins business.

The olefin industry margin also increased in 2021, albeit not as much as the polyolefin industry margin. This may be attributed to increased demand in a recovering economy in which supply, however, was still negatively impacted by industry production outages. As a result, the profit contribution delivered by the hydrocarbons business was higher than in 2020, but remained below 2019 levels as the advantage from cracking light feedstock became less favourable.

The total sales volume of Borealis AG's products in 2021 increased by 50% versus 2020, mainly driven by higher Polyolefins sales.

The operating result increased from a profit of EUR 353.0 million in 2020 to a profit of EUR 1,336.3 million in 2021.

Despite the ongoing effects of the pandemic, Borealis has been able to make meaningful progress on its important global growth projects in 2021. In November, Borealis and ADNOC signed a USD 6.2 billion final investment agreement to build the fourth facility at the Borouge polyolefin manufacturing complex in Ruwais, UAE. Borouge's expansion is vital in order to serve growing customer demand in Asia and MEA for differentiated polyolefins solutions in energy, infrastructure and advanced packaging. Borouge will become the world's largest single-site polyolefin complex, with an annual polyethylene production capacity of 6.4 million tonnes. The project entails the construction of an ethane cracker, two state-of-the-art Borstar® polyethylene (PE) plants, a cross-linked polyethylene (XLPE) plant and a 1-hexene unit. Cutting-edge technologies will be employed to improve energy efficiency and reduce emissions. Continuous flaring will be eliminated altogether. The new facility will draw on renewable energy sources to power some of its operations. An exploratory study currently underway will determine whether the installation of a carbon capture unit could lower Borouge 4 emissions by up to 80%.

The Baystar™ project in Texas, USA, is a 50/50 joint venture between Borealis and TOTAL Petrochemicals & Refining USA, Inc. Baystar is building a 625,000-tonne-per-year Borstar polyethylene unit at our production site in Pasadena, Texas, US. Baystar is also currently building a one-million-tonne per year steam cracker in Port Arthur, Texas. This undertaking will add more than one million tonnes of annual polyolefins production capacity and, most crucially, enable Borealis to supply locally manufactured Borstar products to its North American customers for the first time. The unusually hard winter freeze of 2021 had adverse effects on nearly all petrochemical operations on the Gulf Coast; the Baystar project was no exception.

The new world-scale propane dehydrogenation (PDH) plant under construction in Kallo, Belgium, adjacent to the existing PDH facility, is progressing despite negative pandemic-related effects. With an investment of around

EUR 1 billion, this is among the largest projects in the petrochemical industry in Europe, and the largest ever for Borealis on the continent. A stellar safety record has been achieved despite the enormity of the project, which included the delivery of one of the largest single pieces of equipment ever shipped in one piece to the Port of Antwerp.

In July, Borealis announced it had acquired a 10% minority stake in Renasci N.V. (Renasci), a Belgium-based provider of innovative recycling solutions and creator of the novel Smart Chain Processing concept. This purchase was subsequent to an earlier offtake agreement with Renasci to source around 20 kilotonnes per year (kt/y) of circular pyrolysis oil, a product of chemical recycling which can be used as feedstock. Taken together, the agreements help accelerate the shift to plastics circularity in an eco-efficient way.

Borealis announced in December that it had purchased a minority stake in Bockatech Limited (Bockatech), a green tech business based in the UK. The agreement deepens and extends the existing partnership between Borealis and Bockatech in the area of sustainable packaging. Founded on the principles of design for recycling, reuse and eco-efficiency, the joint collaboration aims to expand the range of lighter weight, foam-based applications in packaging, and make these available to a larger number of global customers and value chain partners.

Financial Result Overview

The financial result in 2021 increased from a financial income of EUR 836.0 million in 2020 to a financial income of EUR 1,535.7 million. The main driver behind the financial income increase is the higher dividend income. Dividend income increased by 115% to EUR 2,021.7 million, but at the same time the Company incurred impairment charges on financial investments of EUR 433.6 million.

Overall, Borealis AG generated a net income of EUR 2,546.4 million compared to a net income of EUR 1,126.8 million in 2020.

Circular Economy

The Borealis commitment to closing the loop on plastics circularity is cemented in the Group Strategy 2035. The Company has pledged that by 2025, 100% of its consumer products will be recyclable, reusable and/or made using materials from renewable sources. Borealis has also pledged to produce up to 350,000 tonnes of recycled

plastics each year by 2025. Progress was made in 2021, as Borealis sold 77,000 tonnes of recyclates while at the same time building an annual production capacity of 100,000 tonnes. Taken together, these aims are accelerating the Group's transition to the use of more renewably-sourced feedstocks instead of conventional fossil fuel-based feedstock.

The Borealis dedication to leading the way to circularity is embedded in its EverMinds™ platform, which seeks to promote change and unite value chain partners and stakeholders. Borealis invests, innovates and engages in value chain collaboration to ensure that all products and applications are designed with eco-efficiency in mind. The activities described below are indicative of the broad gamut of those undertaken throughout 2021, yet this list is by no means exhaustive.

- Borealis continues to expand its activities in the area of mechanical recycling. In January, operations commenced at an ultramodern demo plant in Lahnstein, Germany. In this strategic partnership with TOMRA, rigid and flexible post-consumer plastic waste is sorted, then processed using the proprietary Borcycle™ M platform technology into fully formulated, ready-for-market polymer pellets. In this way, Borealis is helping ensure the ample availability of high-quality recyclate for sophisticated applications, thus further closing the loop on plastics circularity.
- Chemical recycling is used to supplement mechanical recycling, and to valorise residual waste streams which would otherwise be incinerated or sent to landfill. An added benefit of chemical recycling is that products manufactured with chemically recycled feedstock offer the same high performance as those produced with fossil fuel-based feedstock. This enables the production of high-end polyolefin-based applications that fulfil stringent quality and safety regulations, such as in healthcare and food packaging. In June, Borealis secured the supply of the entire output of chemically recycled material produced by Renasci – around 20 kt/y – in the form of circular pyrolysis oil. This chemically recycled feedstock will be used to manufacture Borcycle™ C circular polyolefins and circular base chemicals at various Borealis production locations. These activities complement existing collaboration with OMV in which the patented OMV ReOil® technology is used to chemically recycle post-consumer plastics into raw materials which are processed by Borealis into polyolefins.



- In September, the first test of feedstock derived entirely from vegetable-based waste streams commenced at a Borealis cracker in Stenungsund, Sweden. The aim is to evaluate whether, and to what extent, this renewably-sourced feedstock could serve as a replacement for fossil fuel-based feedstocks. Because renewable feedstocks form the foundation of The Borneables™, the Borealis portfolio of premium circular polyolefins launched in 2020, the ability to offer a viable alternative to conventional feedstocks would not only reduce the Stenungsund plant's overall CO₂ footprint, but also help Borealis customers maintain high product quality while meeting their own sustainability goals.
- Borealis announced that it is scaling up Project STOP. This programme uses a “system-enabler” approach to support local authorities in Indonesia in establishing more sustainable and cost-efficient waste management and recycling systems. Its holistic approach involves the collection, recycling and proper disposal not only of plastic, but all kinds of waste, including organic, to ensure that no waste ends up in the environment. The programme expansion in East Java will extend waste management services to cover two million Indonesians by 2025.
- Borealis formed a partnership with Lafarge, OMV and VERBUND called C2PAT for the joint planning and construction of a full-scale plant to capture CO₂ and process it into synthetic fuels, plastics or other chemicals on an industrial scale.

Research and Development – Value Creation through Innovation in 2021

The relentless dedication to Value Creation through Innovation applies to the entire polyolefins value chain, and is circular at its core. It is applied to all life-cycle phases: idea generation, design, processing, deployment and ultimately recovery for reuse or recycling.

A step-change innovation for the power industry value chain was announced in September: Borealis and TOPAS Advanced Polymers are currently developing a new class of engineering material for film capacitor applications. The EPN (ethylene-propylene-norbornene) material being developed will bridge the performance gap between standard polymers and high-end plastics by substantially increasing the temperature resistance of film capacitors in a cost-efficient way. Drawing on their respective strengths in polymers excellence – Borealis in PP capacitor film, and TOPAS Advanced Polymers in cyclic olefin copolymers

(COC) – the partners will accelerate the green-energy transition. Traction inverters for electric mobility will be made more energy efficient at higher temperatures, and inverters will be able to transform power from renewable sources like wind or solar more efficiently.

In April, Borealis and Sulzer, a global leader in fluid engineering, announced that they had successfully developed an innovative process for the cost-effective extrusion of expanded polypropylene (ePP) beads, thus enabling broader and more rapid uptake of this highly effective material, which boasts advanced properties and good suitability for reuse and recycling.

In November, Swiss running shoe brand On announced that, as part of their efforts to identify viable replacements for fossil fuel-based materials, they had created a new foam material called CleanCloud™ in which carbon waste (emissions) is repurposed to create EVA (ethylene vinyl acetate) foam. As a cooperation partner, Borealis is contributing the circular and renewable-based materials required to produce the high-performance, easy-to-process EVA foam used in shoe bottoms and other parts.

In 2021, the combination of Value Creation through Innovation and value chain collaboration gave rise to numerous circular products and processes. Tens of thousands of environmentally friendly drinking cups produced through Bockatech and Borealis collaboration made an appearance at the COP26 in Glasgow, Scotland. These lightweight cups can be collected and washed for reuse before being recycled. Dutch PPE Solutions announced that it is reducing the climate impact of its meltblown fibre production by using Borneables PP, polypropylene made from bio-based feedstock derived entirely from waste and residue streams. Borealis and pipe and fittings maker, Uponor Infra, announced that their collaboration had produced a new generation of PP sewer pipes made using a product from the Borneables portfolio and boasting a significantly lower carbon footprint.

Borealis and a leading Austrian plastic packaging manufacturer, The Jokey Group, agreed to step up their joint efforts to accelerate circularity through more aggressive development and marketing of recyclable plastic packaging. Borealis, Swiss dairy giant Emmi and Greiner Packaging announced plans to incorporate chemically recycled PP in their ready-to-drink cups for the iced coffee brand Caffé Latte. Earlier in the year, Greiner Packaging produced its

first food cup prototypes with in-mould labelling made using Borenewables PP.

Around 500 employees work in R&D at the Borealis Group. This figure includes scientists and researchers at the Innovation Headquarters in Linz, Austria, and the two innovation centres in Stenungsund, Sweden and Porvoo, Finland.

An upward trajectory in the number of priority patent filings is clear. Borealis filed a total of 182 patent applications at the European Patent Office, breaking its own record of 179 in the previous year. As of March 2021, the Borealis Group holds around 10,000 individual patents or patent applications which are subsumed in approximately 1,200 patent families. The growing number of patents underscores the Group's position as a leading industry innovator.

Changes to the Executive Board and the Supervisory Board

Significant changes to the Borealis Executive Board occurred in 2021. As of 1 April 2021, Thomas Gangl succeeded Alfred Stern as Borealis CEO. Alfred Stern was appointed OMV Executive Board Member for Chemicals & Materials effective April 2021 and has also been appointed to the Borealis Supervisory Board effective April 2021. The position of Borealis Executive Vice President Base Chemicals and Operations was filled in July by Wolfram Krenn; his predecessor, Martijn van Koten, joined the OMV Executive Board as of July 2021. As of September 2021, Alfred Stern was appointed as Chairman of the Borealis Supervisory Board, succeeding Rainer Seele. As of the same date, Martijn van Koten was also appointed to the Borealis Supervisory Board. As of 10 February 2022, Alvin Teh was appointed as Supervisory Board member, succeeding Musabbeh Al Kaabi. In addition, Saeed Al Mazrouei was appointed as Vice Chairman of the Supervisory Board.

Funding and financing

Borealis AG continues to benefit from its well-diversified financing portfolio and the related maturities of those refinancing sources, as well as from its improved liquidity position after a period of strong business results. Furthermore, Borealis has a well-established access to capital markets as well as private placements, which serve as additional sources of financing. Overall, the Company has sufficient liquidity headroom, which provides flexibility and supports further growth.

Borealis AG has representations in Abu Dhabi, Moscow and Saint Petersburg.

Non-financial performance indicators are not monitored separately for Borealis AG, but rather within the context of the entire Borealis Group. The average number of employees increased by 11 employees to 273 by the end of 2021.

Risk Management

Borealis' enterprise risk management enables management to effectively deal with uncertainty and associated risks and opportunities in order to enable the Company's leadership to base decisions on sound assessments of the associated risks and opportunities and to preserve and enhance its value for the organisation in a proactive and preventive manner. Borealis' risk consolidation and reporting provides the Executive Board with an overview of the Company's and Group's risk exposure and with a tool to track the status of mitigation actions taken by the risk owners in their efforts to reduce risk exposure. The internal control systems, as well as the risk management in relation to accounting processes, define all processes used to ensure economic viability and accuracy of accounting systems, thereby reducing the proneness to error, protecting assets against losses due to damage, negligence or fraud and guaranteeing the conformity of Company procedures with its articles of association, Group directives and legal framework.

The control environment for the accounting process is characterised by a clearly defined operational and organisational structure. The finance organisation periodically executes a self-assessment of defined internal controls and takes actions as needed. Accounting guidelines are laid down in a Group manual which is continuously revised and subject to obligatory implementation by Borealis AG and its subsidiaries.

Borealis has a standardised resource planning software which is used throughout the Group. Close cooperation with the internal and external audit functions, which validate the application of uniform accounting standards by means of an international network, ensures the comprehensive and efficient statutory auditing of the Group's financial statements.

In addition to the accounting process, Borealis AG is also subject to other risks for which an adequate risk management system has been implemented. Strategic risks are risks that may negatively impact the Company's strategy or its reputation. To counteract these risks, appropriate contingency



plans have been put in place which are intended to ensure that strategies can be implemented as planned. Strategic risks usually relate to long-term trends such as market and industry shifts, strategic moves in relation to competitive conditions (e.g. innovations, mergers and acquisitions, etc.) or attacks on the Company's reputation that have long-lasting effects. Operative risks include health, safety and the environment, as well as price risks related to finished products, which frequently occur in the Company's business activities. They are managed through a wide range of control mechanisms and might involve the conclusion of financial derivative instruments.

Subsequently, potential financial risks and corresponding risk mitigation measures are discussed. Risk management for the Group companies is driven by Borealis AG. Borealis AG addresses the following financial risks:

Credit Risk

The management has set up processes to continuously monitor default risk. The level of default risk relating to a specific debtor consists of the sum of all outstanding trade receivables and is reconciled with the individually agreed credit limit. Evaluations of credit limits take place on a daily basis and, in addition, the entire customer portfolio is reviewed at least once a year. Changes to the credit limits must be approved on a case-by-case basis. On the balance sheet date, Borealis AG was not exposed to any significant concentrations of default risks (up to 10% of the outstanding external trade receivables). No significant default risks associated with trade receivables sold under the factoring programme remain with Borealis AG.

Liquidity Risk

Liquidity reserves are managed on a day-to-day basis in order to ensure that sufficient liquidity is available at all times, while at the same time keeping working capital at the lowest level possible.

Foreign Currency Risk

Borealis AG is exposed to foreign currency risks through transactions like sales, purchase or financing denominated in other currencies than EUR. The key foreign currency risks are associated with the fluctuations of USD, SEK and GBP against EUR (ranking reflects materiality). Borealis AG hedges trade receivables and payables, cash positions and other forecast positions denominated in currencies other than EUR. The Company can also hedge long-term business

risks within pre-defined limits at any time. Positions held in foreign currencies are generally hedged through a combination of forward exchange contracts.

Interest Rate Risk

Borealis AG uses modified duration as a means of managing its interest rate risk, whereby average modified duration may only deviate from a pre-defined value within a given range. Therefore, Borealis AG has purchased interest rate derivatives denominated in EUR and USD to reach this target. Terms and conditions of interest rate derivatives purchased must conform to the underlying current or future loan requirements with regard to maturity or other conditions.

Market Price Risk

The Company uses large quantities of petrochemical raw materials and energy in its various production processes. The price risk on the raw materials and finished products is continuously monitored and hedged where appropriate. In addition, derivative instruments are used to smoothen the effects of energy price fluctuations on the income statement and, thus, on the Company's equity in the long term.

Outlook for 2022

Borealis is transforming itself from a leading producer of virgin polyolefins solutions to a leading producer of more renewable and sustainable polyolefins solutions. By doing so, it is also transforming the industry. Its leading-edge technologies and portfolio of advanced and circular polyolefins applications can help make life safer and more sustainable. Borealis' management is confident that it can capitalise on the opportunities for growth in a global economy in which COVID-19 is ultimately endemic rather than pandemic. It will maintain its commitment to re-inventing for more sustainable living and by offering chemical and plastic solutions that create value for society.

The Borealis Executive Board and its senior management are very proud of the outstanding financial result posted in 2021. Borealis is well positioned to deal with market-related and other challenges and is sure to maintain its status as a reliable and trusted partner for its customers and the entire value chain.



Vienna, 17 February 2022

Executive Board:

Thomas Gangl m.p.
Chief Executive Officer

Mark Tonkens m.p.
Chief Financial Officer

Wolfram Krenn m.p.

Philippe Roodhooft m.p.

Lucrèce De Ridder m.p.



Group Management Report ¹⁾

We draw attention to the fact that comparatives have been restated, for details see the Restatement section in the Notes to the Consolidated Financial Statements. All amounts in the management report are not considering the reclassification of the discontinued operation and related balances held for sale.

Safety Performance

In 2021, Borealis reported a Total Recordable Injury Rate (TRI²⁾ per million working hours of 2.3. This is an improvement compared to the 3.9 TRI rate in 2020. In line with its “Goal Zero” objective, Borealis continues to strive to eliminate all accidents and incidents in process and personal safety. The Borealis leadership team maintains its efforts to sharpen the focus on safety among its employees and contractors.

Safety thus continues to be the Group’s number one priority. Borealis has remained vigilant in its efforts to prevent coronavirus infections, particularly in light of the rapid global spread of new variants. Throughout the year, measures first enacted in 2020 to protect employees, contractors and business partners were maintained and optimised where necessary. These included physical distancing, the use of personal protective equipment and protective barriers, increased cleaning frequency, stringent hygiene, and working remotely when feasible.

Market Environment

Following its unprecedented 2020 slump as a consequence of the global COVID-19 pandemic, the Brent Crude oil price rebounded in 2021. As countries around the world began lifting COVID-related restrictions, the subsequent economic recovery drove demand. The price of oil surged from 55 USD/bbl in January 2021 to a peak of 84 USD/bbl in October, its highest level since 2014. Overall, the average 2021 Brent Crude oil price of 71 USD/bbl exceeded both the 2020 average of 42 USD/bbl as well as the pre-COVID average of 64 USD/bbl in 2019, a clear indication of recovery.

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The olefin industry margin also increased in 2021, albeit not as much as the polyolefin industry margin. This may be attributed to increased demand in a recovering economy in which supply, however, was still negatively impacted by industry production outages. As a result, the profit contribution delivered by the hydrocarbons business was higher than in 2020, but remained below 2019 levels as the advantage from cracking light feedstock became less favourable.

Within the Borealis nitrogen business unit, Fertilizers reported sales of 3.9 million tonnes from January to December versus the 4.3 million tonnes sold in 2020. This drop is due in part to extremely strong demand in the fourth quarter of 2020 which caused a temporary spike in sales volumes and inevitably lower demand at the start of 2021; and to some operational issues. In a recovering market environment,

¹⁾ The following information is based on the consolidated financial statements of Borealis AG from 31 December 2021, prepared in accordance with IFRS and accepted by the EU. //

²⁾ TRI definition was adjusted to be aligned with IOGP (International association of Oil & Gas Producers).

melamine sales remained on par with the previous year, with total 2021 sales volumes of 143 kilotonnes (kt) compared to 147 kt in 2020.

Strategy

The Group Strategy 2035 has several central components. One is the geographical expansion undertaken to establish Borealis as the global partner of choice for high-value material solutions. Acquisitions and partnerships, particularly in North America and the Middle East and Africa (MEA), are key. Another is transformation, especially from a linear to a circular economy. Value Creation through Innovation is an essential part of this evolution to a fully customer-centric approach and more circular polyolefins solutions. Finally, leading from the core builds on the unique Borealis mindset and established values and culture. It puts people first and strives for excellence in all it does. Sustainability is deeply embedded in this component, because leading from the core means that all types of resources are used wisely in all areas of operation. Borealis is further increasing its efforts towards the ultimate goal of carbon neutrality as well as complying with legislation and increased legal requirements (for example, EU Taxonomy).

Global Growth and Acquisitions Continue

Despite the ongoing effects of the pandemic, Borealis has been able to make meaningful progress on its important global growth projects in 2021. In November, Borealis and ADNOC signed a USD 6.2 billion final investment agreement to build the fourth facility at the Borouge polyolefin manufacturing complex in Ruwais, UAE. Borouge expansion is vital in order to serve growing customer demand in Asia and MEA for differentiated polyolefins solutions in energy, infrastructure and advanced packaging. Borouge will become the world's largest single-site polyolefin complex, with an annual polyethylene production capacity of 6.4 million tonnes. The project entails the construction of an ethane cracker, two state-of-the-art Borstar® polyethylene (PE) plants, a cross-linked polyethylene (XLPE) plant and a 1-hexene unit. Cutting-edge technologies will be employed to improve energy efficiency and reduce emissions. Continuous flaring will be eliminated altogether. The new facility will draw on renewable energy sources to power some of its operations. An exploratory study currently underway will determine whether the installation of a carbon capture unit could lower Borouge 4 emissions by up to 80%.

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In April, Borealis and Sulzer, a global leader in fluid engineering, announced that they had successfully developed an innovative process for the cost-effective extrusion of expanded polypropylene (ePP) beads, thus enabling broader and more rapid uptake of this highly effective material, which boasts advanced properties and good suitability for reuse and recycling.

In November, Swiss running shoe brand On announced that, as part of their efforts to identify viable replacements for fossil fuel-based materials, they had created a new foam material called CleanCloud™ in which carbon waste (emissions) is repurposed to create EVA (ethylene vinyl acetate) foam. As a cooperation partner, Borealis is contributing the circular and renewable-based materials required to produce the high-performance, easy-to-process EVA foam used in shoe bottoms and other parts.

In 2021, the combination of Value Creation through Innovation and value chain collaboration gave rise to numerous circular products and processes. Tens of thousands of environmentally friendly drinking cups produced through Bockatech and Borealis collaboration made an appearance at the COP26 in Glasgow, Scotland. These lightweight cups can be collected and washed for reuse before being recycled. Dutch PPE Solutions announced that it is reducing the climate impact of its meltblown fibre production by using Borneables PP, polypropylene made from bio-based feedstock derived entirely from waste and residue streams. Borealis and pipe and fittings maker, Uponor Infra, announced that their collaboration had produced a new generation of PP sewer pipes made using a product from the Borneables portfolio and boasting a significantly lower carbon footprint.

Borealis and a leading Austrian plastic packaging manufacturer, The Jokey Group, agreed to step up their joint efforts to accelerate circularity through more aggressive development and marketing of recyclable plastic packaging. Borealis, Swiss dairy giant Emmi and Greiner Packaging announced plans to incorporate chemically recycled PP in their ready-to-drink cups for the iced coffee brand Caffé Latte. Earlier in the year, Greiner Packaging produced its first food cup prototypes with in-mould labelling made using Borneables PP.

Around 500 employees work in R&D at the Borealis Group. This figure includes scientists and researchers at the Innovation Headquarters in Linz, Austria, and the two innovation centres in Stenungsund, Sweden and Porvoo, Finland.

An upward trajectory in the number of priority patent filings is clear. Borealis filed 133 new priority patent applications at the European Patent Office, a record amount of applications filed in the history of Borealis, compared to 114 in the previous year. As of March 2021, the Borealis Group holds around 10,000 individual patents or patent applications which are subsumed in approximately 1,200 patent families. The growing number of patents underscores the Group's position as a leading industry innovator.

Energy and Climate

Borealis is fully committed to reducing the carbon footprint of its operations and to achieving climate neutrality by 2050 or sooner. The Company is making significant changes in the way it operates its own production facilities by following three main approaches to reducing and/or avoiding emissions: drawing on renewable energy sources to power its operations; implementing further energy efficiency improvements and eliminating non-emergency flaring; driving innovation to develop solutions that mitigate greenhouse gas emissions, including bio-based and circular technologies and materials.

In Europe, Borealis aims to increase its energy efficiency by an additional 10% by 2030 (compared to 2020 levels); this gain is on top of the initial 10% efficiency improvements obtained in the years 2015 to 2020, and is due in large part to investments made in upgrading and modernising production facilities.

Sourcing a larger share of renewable energy to supply own operations is key to reaching the goal of climate neutrality by 2050 or sooner. To achieve its intermediate goal of drawing on 50% renewable electricity for its own operations



by 2030, Borealis employs the combination of onsite investment in tandem with long-term contracts known as power purchase agreements (PPAs). In September, Borealis signed a nine-year PPA with Axpo, a renewables producer and trader, which enables Borealis to draw on green electricity generated by Axpo wind farms in Belgium to power its own plants there. A ten-year PPA was signed with the energy company Fortum to source electricity from an onshore windfarm to power Borealis operations in Porvoo. This PPA is the fourth and largest to date for Borealis. In total, the amount of energy supplied by PPAs to Borealis operations is equivalent to the annual energy consumption of 160,000 European households.

Pioneering efforts are underway with the creators of the revolutionary Qpinch technology for heat recovery. As of May, the first-ever application of this technology at commercial scale is being tested at the Borealis low-density polyethylene (LDPE) production site in Antwerp. This open-innovation collaboration enables Borealis to take major strides in its efforts to lower CO₂ emissions, while at the same time increasing production efficiency and maintaining cost competitiveness. In June, a new photovoltaic array using the proprietary Quentys™ technology was installed at the Borealis production site in Monza, Italy. It is only the first of several that will be used in the future to power portions of Borealis production operations in locations around the world. In February, Borealis announced that it would invest EUR 17.6 million in a regenerative thermal oxidiser for its polyolefins plants in Porvoo.

Borealis commenced development of its updated climate goals as part of the strategy in the second half of 2021. The new strategy will take upcoming legislative changes (such as the EU's Fit for 55 package) into account. It will also reflect the need to support the Group's customers in their own efforts to achieve climate neutrality by offering innovative and more circular technologies and material solutions. Once the Climate Strategy has been finalised and approved by the Borealis Executive and Supervisory Boards, the updated goals will be communicated, most likely in the first quarter of 2022.

Review of Results

Sales

Borealis sold 3.95 million tonnes of polyolefins in 2021, 2% more than the sales volume in 2020. Borealis Fertilizers sales reached 3.91 million tonnes in 2021, a decrease compared to the sales volume of 4.25 million tonnes in 2020. Melamine sales volumes were 143 thousand tonnes in 2021, which is a similar level compared to 2020.

Cost Development

The higher feedstock price environment saw an increase in 2021 production costs compared to 2020. Furthermore, higher inflation caused by the global economic recovery has driven the increase in sales and distribution costs from EUR 681 million in 2020 to EUR 721 million in 2021; administration costs increased accordingly from EUR 223 million in 2020 to EUR 251 million in 2021. Driven by the unchanged commitment to Value Creation through Innovation, spending on research and development (consisting of costs for Borealis Innotech organisation and depreciation from R&D assets) rose to EUR 123 million in 2021, an increase of EUR 2 million compared to 2020. At the end of 2021, the number of full-time equivalent employees (FTE) was 6,934, an increase of 14 on the previous year.

Operating Profit

Operating profit amounted to EUR 1,517 million compared to EUR 351 million in 2020, achieved in an industry environment still impacted by the pandemic. Borealis was well positioned to benefit from the stronger polyolefins demand, in conjunction with record integrated polyolefin industry margins. Operating profit was also supported by a recovery of the contribution from the nitrogen business, particularly from the melamine business, despite the spike in the price of natural gas. Following the announcement of the start of a divestment process of its nitrogen business unit, including fertilizers, technical nitrogen and melamine products in February 2021, the nitrogen business unit assets within the scope of the divestment project have been classified as assets held for sale and have benefitted from the stopped depreciation.

The strong business result was, however, negatively impacted by an impairment charge of EUR 39 million in relation to Rosier, which is not within the scope of the divestment project.

Financial Income and Expenses

The decline in net financial expenses from EUR 19 million in 2020 to EUR 9 million in 2021 was mainly due to higher interest income from the member loan granted to the Baystar joint venture with Total and a lower net debt level.

Taxes

Income taxes amounted to EUR 263 million, an increase of EUR 144 million from tax charges of EUR 119 million in 2020. The higher overall tax charge in 2021 was mainly driven by the improved business performance.

Net Profit and Distribution of Dividend

The record net profit for the year amounted to EUR 1,396 million, compared to a net profit of EUR 589 million in 2020. In addition to the strong operating profit, the profit contribution from Borouge and Baystar increased significantly in 2021 compared to 2020, both having benefitted from the improved market environment. The strong business result was negatively impacted by an impairment charge of EUR 444 million in relation to the assets within the scope of the divestment of the nitrogen business unit.

In 2021, Borealis distributed a dividend of EUR 150 million to its shareholders from the 2020 result.

Financial Position

At year end, total assets and capital employed stood at EUR 12,985 million and EUR 9,936 million, respectively, compared to EUR 10,600 million and EUR 8,343 million at the end of 2020.

In 2021, Borealis net debt decreased by EUR 1,611 million to EUR 223 million, driven by an extraordinary dividend payment of EUR 1,305 million from Borouge, strong operating cash flow and regular dividend payments from Borouge. This resulted in a gearing ratio of 3% at the end of 2021, compared to 29% at the end of 2020. This gearing reflects a very strong balance sheet. Borealis benefits from a well-diversified financing portfolio and a balanced maturity profile. The solvency ratio was 62% at year end 2021, compared to 59% at year end 2020.

Return on capital employed (ROCE) after tax of 19% in 2021 was eleven percentage points higher than in the previous year. This strong result was mainly driven by the high profitability despite the continued investment in growth projects. The five-year average ROCE of 13% also remains well above the Company's target of 11% through the cycle.

Cash Flows and Liquidity Reserves

Cash flow from operating activities was EUR 967 million, driven by strong operating profitability, and partially offset by a negative working capital development due to the increasing price environment. Liquidity reserves, composed of undrawn committed credit facilities and cash balances, amounted to EUR 2,717 million at year end 2021, compared to EUR 1,142 million at year end 2020. Net interest-bearing debt decreased to EUR 223 million at year end, down from EUR 1,833 million at the end of 2020. The table below shows the change in net interest-bearing debt.



EUR million	2021	2020
Change of net interest-bearing debt		
Cash flow from operating activities	967	1,083
Capital expenditure	-720	-675
Capital contributions to and financing of associated companies and joint ventures	-366	-299
Dividends of associated companies and joint ventures	1,943	510
Acquisition of non-controlling interests	-4	0
Acquisitions of subsidiaries net of cash	0	-603
Other (mainly relating to foreign exchange differences)	-38	36
Dividend paid to equity holders of the parent and non-controlling interests	-150	-300
Additions lease liabilities	-21	-16
Total decrease (+)/increase (-) of net interest-bearing net debt	1,611	-264

Capital Expenditure

Investments in property, plant and equipment amounted to EUR 660 million in 2021, compared to EUR 614 million in 2020. A large portion of the total investment relates to the new, world-scale PDH plant in Kallo and the upgrade and revamp of four cracker furnaces in Stenungsund. Health, Safety and Environment (HSE) capital expenditure amounted to EUR 88 million, compared to EUR 49 million in 2020.

Depreciation, amortisation and impairment amounted to EUR 427 million, including an impairment charge of EUR 39 million in relation to assets in Rosier, compared to EUR 464 million in 2020. Additionally, assets within the scope of the nitrogen business unit divestment project have been impaired by EUR 444 million.

Shareholders' Equity

Shareholders' equity at year end 2021 was EUR 8,176 million.

EUR million	2021	2020
Equity development		
Net result attributable to the parent	1,406	594
Exchange and fair value adjustment (net)	452	-333
Gross increase/decrease	1,858	261
Dividend paid	-150	-300
Reclassification of cash flow hedges to balance sheet	51	11
Net increase/decrease	1,759	-28
Opening equity	6,417	6,445
Closing equity	8,176	6,417

Risk Management

Borealis has a documented risk management process ensuring that all parts of the Group routinely identify and assess their risks and develop and implement appropriate mitigation actions. Risk management contributes to achieving the Group's long-term strategies and short-term goals. Borealis believes that an effective risk culture makes it harder for an outlier, be it an event or an offender, to put the Company at risk.

The Group's overall risk landscape is periodically consolidated, reported, and reviewed. Borealis distinguishes between different risk categories as outlined below. While this list is not exhaustive, it does illustrate the most relevant risk types.

Strategic and reputational risks are those that may severely impact the Borealis Group's strategy or reputation. Often, strategic risks are related to unfavourable long-term developments, such as market or industry developments, technology, innovation, a change in the competitive environment or a threat to the reputation of the Group.

Operational and tactical risks usually refer to unfavourable and unexpected short-term or mid-term developments, and include all risks that may have a direct impact on the Group's daily business operations. All operational risks are assessed according to documented guidelines and procedures that are administered by the respective business functions. A proactive approach to risk prevention management has been implemented in the Operations function, covering risks in the areas of Production; Health, Safety and Environment (HSE); Product Stewardship; Plant Availability and Quality. The risk management approach also safeguards the Responsible Care® approach towards risks in operations. The standard risk management process includes a common risk matrix and risk registers, built bottom-up from plant to portfolio level, enabling a common risk rating system for the whole of operations.

HSE risks are assessed according to the procedures and framework described in the Borealis Risk-based Inspection Manual. The HSE Director is responsible for managing all HSE-related risks and periodically reports the Borealis HSE risk landscape to the Executive Board.

Borealis assesses and discloses the potential negative impact of its activities on the environment and society, and related mitigation measures in its Non-financial Report in accordance with legal obligations (NaDiVeG). The main risks analysed are:

- Unplanned emissions from operations that might cause additional emissions to air or soil and water pollution, waste, noise and other disturbances to the local community,
- Process safety incidents causing the sudden and uncontrolled release of explosive materials and release of potentially harmful toxins,
- Chemical substances that, if not handled properly and according to their intended use, could lead to negative impacts on human health,
- Environmental pollution caused by pellet loss or plastic littering, and finally,
- COVID-19 pandemic-related risks to business as well as Borealis employees.

Climate-related risks and mitigation actions are also specifically analysed according to TCFD (Task Force on Climate-Related Financial Disclosures) guidelines and disclosed in the Borealis Non-financial Report. Related transition risks are, for example, higher GHG emission prices, increasing operating costs, increasing pressure on usage of fossil fuel-based feedstock and a negative industry image. Physical risks are mainly related to potential supply-chain disruptions, due, for example, to extreme weather events or political unrest. However, the risks associated with climate change also represent opportunities for innovation, such as product portfolio extensions that include low-emission, circular and/or bio-based products as well as partnerships that help transform the industry towards climate neutrality.

Project-related risks are assessed in the Borealis project approval process. The applicable key risks related to an individual project are assessed. These risks include financial, market, technical, legal, patent infringement, strategic, operational, country-related and political factors. The risk assessment also reflects the probability of project completion within the estimated time frame and forecasted resource requirements, and the likelihood that key project objectives will be achieved. Project-related risks are managed by the project manager and reported to the Project Steering Committee.



Financial and market risks may refer to risks arising for instance from unexpected changes in market supply, demand, commodity prices, services or financing costs. Risks may also arise from liquidity, interest rates, foreign exchange rates, credit and insurance, the inability of a counterparty to meet a payment or delivery commitment, and may, for example, extend to incorrect assumptions or the inappropriate application of a model. The assessment of financial risk management is described in detail in note 17 of the consolidated financial statements. The Treasury & Funding Director and the General Counsel are responsible for reporting and coordinating the management of all financial risks.

Compliance risks focus on legal and regulatory risks, code of conduct (ethics policy), standards as well as contracting compliance. Doing business in an ethical manner is vital to the Group's good reputation and continued success. Tactical or generic risks are risks identified as part of standards or compliance. These risks mainly relate to processes or control weaknesses.

Information security risks relate to the confidentiality, integrity and availability of critical company information. The IT Director and the General Counsel support line managers with the assessment of information security risk and the development and implementation of risk mitigation actions.

The Executive Board periodically reviews the Group's key risks, defines the Group's risk tolerance levels, monitors the implementation of mitigation actions and reports the key risks and mitigation steps to the Supervisory Board. The Executive Board safeguards the integration of risk assessment in its strategic planning.

The Supervisory Board is responsible for reviewing the effectiveness of Borealis risk management practices and processes, risk appetite and tolerance levels, the Group's risk exposure and the effectiveness of mitigation actions. The Supervisory Board delegates some of these responsibilities to the Audit Committee, which is a sub-committee of the Supervisory Board.

All Borealis employees are responsible for managing risk, within their authority and in their field of work, in order to ensure that risk management is properly embedded in the organisation and reflected in the daily decision-making processes.

Changes to the Executive Board and the Supervisory Board

Significant changes to the Borealis Executive Board occurred in 2021. As of 1 April 2021, Thomas Gangl succeeded Alfred Stern as Borealis CEO. Alfred Stern was appointed OMV Executive Board Member for Chemicals & Materials effective April 2021 and has also been appointed to the Borealis Supervisory Board effective April 2021. The position of Borealis Executive Vice President Base Chemicals and Operations was filled in July by Wolfram Krenn; his predecessor, Martijn van Koten, joined the OMV Executive Board as of July 2021. As of September 2021, Alfred Stern was appointed as Chairman of the Borealis Supervisory Board, succeeding Rainer Seele. As of the same date, Martijn van Koten was also appointed to the Borealis Supervisory Board. As of 10 February 2022, Alvin Teh was appointed as Supervisory Board member, succeeding Musabbeh Al Kaabi. In addition, Saeed Al Mazrouei was appointed as Vice Chairman of the Supervisory Board.

Economic Development and Outlook

Because its Goal Zero remained out of reach in 2021, Borealis management will step up its efforts in 2022 to achieve the desired result of zero accidents and incidents. As always, safety remains the top priority for the Group in all areas of operation and in all geographic locations.

Borealis is transforming itself from a leading producer of virgin polyolefins solutions to a leading producer of more renewable and sustainable polyolefins solutions. By doing so, it is also transforming the industry. Its leading-edge technologies and portfolio of advanced and circular polyolefins applications can help make life safer and more sustainable. Borealis management is confident that it can capitalise on the opportunities for growth in a global economy in which COVID-19 is ultimately endemic rather than pandemic. It will maintain its commitment to re-inventing for more sustainable living and by offering chemical and plastic solutions that create value for society.

The Borealis Executive Board and its senior management are very proud of the outstanding financial result posted in 2021. Borealis is well positioned to deal with market-related and other challenges and is sure to maintain its status as a reliable and trusted partner for its customers and the entire value chain.

Other Information

In accordance with Section 267a (6) of the Austrian Commercial Code (UGB), Borealis prepares a separate consolidated non-financial report.

As a company subject to non-financial reporting obligations according to Article 19a of Directive 2013/34/EU of the European Parliament and of the Council, Borealis falls within the scope of the EU Taxonomy. Applying the EU Taxonomy enables Borealis to be transparent about its sustainable economic activities and to demonstrate the development of the sustainability performance of all business areas within the Group. For 2021, Borealis discloses within the separate consolidated non-financial report the share of taxonomy-eligible and non-taxonomy-eligible economic activities in its total turnover, CAPEX and OPEX, whereas in the 2022 Annual Report the alignment level will be reported.



		2021 excl. NITRO ¹⁾	2021 incl. NITRO ¹⁾	2020 incl. NITRO ¹⁾	2019	2018	2017
Income and profitability							
Total sales and other income	EUR million	8,723	10,153	6,937 ²⁾	8,103	8,337	7,564
Operating profit	EUR million	1,410	1,517	351 ²⁾	605	496	791
Operating profit as percentage of total sales and other income	%	16	15	5	7	6	10
Net profit	EUR million	1,631	1,396	589	872	906	1,095
Return on capital employed, net after tax	%	–	19	8	11	13	15
Cash flow and investments							
Cash flow from operating activities	EUR million	788	967	1,083	872	517	725
Investments in property, plant and equipment	EUR million	557	660	614	376	326	453
Cash and cash equivalents	EUR million	1,541	1,551	83	83	50	207
Financial position							
Balance sheet total	EUR million	–	12,985	10,583 ²⁾	10,118	9,949	9,395
Net interest-bearing debt	EUR million	–	223	1,833	1,569	1,327	812
Equity attributable to owners of the parent	EUR million	–	8,176	6,417	6,445	6,421	6,365
Gearing	%	–	3	29	24	21	13
Health, Safety & Environment ³⁾							
Total Recordable Injuries (TRI)	number/million work hours						
a. Old definition		–	–	1.7	1.6	1.3	1.1
b. New definition ⁴⁾		–	2.3	3.9	3.4	–	–
EU ETS CO ₂ emissions	kilotonnes	–	3,878	4,050	4,625	4,302	4,210
Energy consumption	GWh	–	21,730	22,340	25,831	24,476	22,400
Flaring performance	tonnes	–	38,538	42,543 ⁵⁾	27,619	26,273	51,620
Waste generation	tonnes	–	102,023	97,905 ⁶⁾	86,109 ⁷⁾	53,713	61,398
Water withdrawal	m ³ million	–	735	755	750	675	752
Number of employees	full-time equivalents ⁸⁾	5,255	6,934	6,920	6,869	6,834	6,619

1) NITRO: Borealis Fertilizers, Melamine and Technical Nitrogen Business excl. Rosier. For further details, please refer to note 8. Discontinued Operation and Other Changes in the Notes to the Consolidated Financial Statements. // 2) 2020 amounts have been restated. For further details, please refer to the Restatement section in the Notes to the Consolidated Financial Statements. // 3) Environmental data might be subject to minor adjustments due to ongoing audits and missing third-party data at the time of closing of this report. // 4) Definitions have been adjusted in 2021 to be aligned with OMV definitions. A comparison to previous years is only possible with 2020. // 5) Severe upsets led to significant emergency flaring during shutdowns; further there was a lack of recycling capacity. // 6) Value has been recalculated in retrospect due to ongoing audits and missing third-party data at the time the last report was finalised. // 7) The main reason for the increase is the integration of the plastics recycling company mtm plastics GmbH into the monthly group reporting. // 8) Full-time equivalents considers part-time employed staff only as 0.5.

Definitions

Capital employed: Total assets less non-interest-bearing debt
Return on capital employed: Operating profit, profit and loss from sale of operations, net result of associated

companies and joint ventures plus interest income, after imputed tax, divided by average capital employed
Solvency ratio: Total equity, less goodwill, divided by total assets

Gearing ratio: Interest-bearing debt, less cash and cash equivalents, divided by total equity
HSE: Health, Safety and Environment



Vienna, 17 February 2022

Executive Board:

Thomas Gangl m.p.
Chief Executive Officer

Mark Tonkens m.p.
Chief Financial Officer

Wolfram Krenn m.p.

Philippe Roodhooft m.p.

Lucrèce De Ridder m.p.



Financial Statements Standalone

Balance Sheet as of 31 December 2021

	31.12.2021 EUR	31.12.2020 EUR thousand
Assets		
A. Fixed assets		
I. Intangible assets		
1. Rights and licences	37,767,150.28	31,507
II. Tangible assets		
1. Office equipment	1,165,910.08	1,114
2. Construction in progress	677,534.82	6
	1,843,444.90	1,120
III. Financial assets		
1. Investments in affiliated companies	2,151,194,536.26	2,526,893
2. Loans to affiliated companies	135,036,240.53	63,246
thereof with residual maturity of more than one year EUR 127,536,240.53; 2020: EUR 48,246 thousand		
3. Investments in associated companies	416,126,151.33	414,867
4. Loans to associated companies	1,002,967,971.96	750,347
thereof with residual maturity of more than one year EUR 985,189,558.21; 2020: EUR 749,216 thousand		
5. Securities	6,988,377.21	3,506
	3,712,313,277.29	3,758,860
	3,751,923,872.47	3,791,487

	31.12.2021 EUR	31.12.2020 EUR thousand
Assets		
B. Current assets		
I. Inventories		
1. Raw materials and supplies	284,831,699.42	199,873
2. Finished goods and merchandise	791,144,604.48	490,650
	1,075,976,303.90	690,523
II. Receivables and other assets		
1. Trade receivables	1,058,748,110.71	516,559
thereof with residual maturity of more than one year EUR 0.00; 2020: EUR 0 thousand		
2. Receivables from affiliated companies	1,826,335,826.96	1,044,934
thereof with residual maturity of more than one year EUR 304,993,864.68; 2020: EUR 354,994 thousand		
3. Receivables from associated companies	144,150,877.59	81,411
thereof with residual maturity of more than one year EUR 20,100,911.58; 2020: EUR 7,347 thousand		
4. Other receivables and other assets	185,868,343.37	165,293
thereof with residual maturity of more than one year EUR 0.00; 2020: EUR 0 thousand		
	3,215,103,158.63	1,808,198
in total thereof with residual maturity of more than one year EUR 325,094,776.26; 2020: EUR 362,341 thousand		
III. Cash and cash equivalents	1,378,884,048.71	34,670
	5,669,963,511.24	2,533,390
C. Prepaid expenses	10,891,473.10	10,868
D. Deferred tax assets	10,791,486.77	11,332
Total assets	9,443,570,343.58	6,347,078



	31.12.2021 EUR	31.12.2020 EUR thousand
Shareholders' Equity and Liabilities		
A. Shareholders' equity		
I. Nominal capital called up and paid in subscribed capital EUR 300,000.00; 2020 EUR 300 thousand	300,000.00	300
II. Capital reserves		
1. Appropriated	101,604,460.00	101,604
2. Unappropriated	1,539,783,410.00	1,539,783
	1,641,387,870.00	1,641,388
III. Revenue reserves		
1. Legal reserves	30,000.00	30
IV. Retained earnings thereof profit carried forward EUR 1,654,095,693.13, 2020: EUR 677,247 thousand	4,200,452,856.59	1,804,096
	5,842,170,726.59	3,445,814
B. Special item for investment grants to fixed assets	0.00	217
C. Provisions		
1. Provisions for pensions	23,271,089.06	24,053
2. Provisions for taxes	0.00	73,905
3. Other provisions	180,491,646.45	111,954
	203,762,735.51	209,912
D. Liabilities		
1. Bonds thereof with residual maturity of up to one year EUR 0.00; 2020: EUR 0 thousand thereof with residual maturity of more than one year EUR 300,000,000.00; 2020: EUR 300,000 thousand	300,000,000.00	300,000

	31.12.2021 EUR	31.12.2020 EUR thousand
Shareholders' Equity and Liabilities		
2. Bank loans and overdrafts	1,316,365,781.50	1,423,726
thereof with residual maturity of up to one year EUR 71,129,188.69; 2020: EUR 225,228 thousand		
thereof with residual maturity of more than one year EUR 1,245,236,592.81; 2020: EUR 1,198,498 thousand		
3. Trade accounts payable	600,766,568.69	362,785
thereof with residual maturity of up to one year EUR 600,766,568.69; 2020: EUR 362,785 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2020: EUR 0 thousand		
4. Accounts payable to affiliated companies	1,054,484,887.65	489,769
thereof with residual maturity of up to one year EUR 1,054,484,887.65; 2020: EUR 489,769 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2020: EUR 0 thousand		
5. Accounts payable to associated companies	103,718,793.32	66,080
thereof with residual maturity of up to one year EUR 103,718,793.32; 2020: EUR 66,080 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2020: EUR 0 thousand		
6. Other liabilities	22,300,850.32	48,775
thereof taxes: EUR 2,260,998.17; 2020: EUR 5,525 thousand		
thereof social security: EUR 0.00; 2020: EUR 2 thousand		
thereof with residual maturity of up to one year EUR 22,300,850.32; 2020: EUR 48,775 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2020: EUR 0 thousand		
	3,397,636,881.48	2,691,136
in total thereof with residual maturity of up to one year EUR 1,852,400,288.67; 2020: EUR 1,192,637 thousand		
in total thereof with residual maturity of more than one year EUR 1,545,236,592.81; 2020: EUR 1,498,498 thousand		
Total equity and liabilities	9,443,570,343.58	6,347,078



Income Statement for the Year 2021

	2021 EUR	2020 EUR thousand
1. Sales	8,089,130,539.77	5,408,980
2. Increase or decrease in finished goods	300,494,867.23	-141,040
3. Other operating income		
a) Other income	124,121,310.70	185,208
4. Cost of materials and purchased services		
a) Cost of materials	-5,076,540,420.56	-3,389,266
b) Cost of purchased services	-1,320,885,564.31	-1,154,053
	-6,397,425,984.87	-4,543,319
5. Personnel expenses		
a) Salaries	-54,135,229.13	-39,127
b) Social contributions	-13,975,595.66	-15,192
thereof pension fund contributions EUR 1,675,081.67; 2020: EUR 3,243 thousand		
aa) thereof expense for severance payments and corporate staff and self-employment fund contributions EUR 876,253.72; 2020: EUR 1,110 thousand		
bb) thereof expense for statutory social security and payroll-related taxes and contributions EUR 9,279,621.42; 2020: EUR 7,774 thousand		
	-68,110,824.79	-54,319
6. Amortisation and depreciation of		
a) intangible and tangible assets	-2,555,787.97	-2,300
b) current assets, insofar as these exceed the usual depreciation in the corporation	-40,600,000.00	0
	-43,155,787.97	-2,300
7. Other operating expenses		
a) Taxes, other than those reported in line item 17	0.00	-137
b) Other expenses	-668,728,308.09	-500,097
	-668,728,308.09	-500,234
8. Subtotal of line 1 to 7	1,336,325,811.98	352,976

	2021 EUR	2020 EUR thousand
9. Income from investments	2,021,651,777.25	941,889
thereof affiliated companies EUR 77,145,266.07; 2020: EUR 452,622 thousand		
10. Interest income from long-term loans	28,014,133.28	21,801
thereof affiliated companies EUR 169,234.40; 2020: EUR 393 thousand		
11. Other interest and similar income	35,861,817.61	38,088
thereof affiliated companies EUR 24,957,591.52; 2020: EUR 14,669 thousand		
12. Gains on reversal of previously recognised impairment losses on financial assets	0.00	6,047
13. Expenses arising from financial assets	-433,683,058.70	-7,053
thereof affiliated companies EUR 433,594,941.63; 2020: EUR 7,053 thousand		
Depreciation EUR 433,594,941.63; 2020: EUR 7,053 thousand		
14. Interest and similar expenses	-116,134,611.43	-164,788
thereof affiliated companies EUR 3,644,237.25; 2020: EUR 12,670 thousand		
15. Subtotal of line 9 to 14	1,535,710,058.01	835,984
16. Income before tax (subtotal of line 8 and 15)	2,872,035,869.99	1,188,960
17. Taxes on income	-325,678,706.53	-62,111
thereof income from deferred tax assets EUR 540,700.04; 2020: EUR 354 thousand		
18. Income after tax	2,546,357,163.46	1,126,849
19. Net income for the year	2,546,357,163.46	1,126,849
20. Profit carried forward from previous years	1,654,095,693.13	677,247
21. Retained earnings	4,200,452,856.59	1,804,096



Notes

I. Accounting and Valuation Policies

The financial statements have been prepared in accordance with the Austrian Commercial Code (“UGB”) Austrian Generally Accepted Accounting Principles, and the general standard of presenting a true and fair view of the financial position and financial performance of the entity. The presentation of the financial statements also meets the criteria set out in the Austrian Commercial Code.

Presentation, valuation and disclosure of financial statement items are in line with the Austrian Commercial Code and its special regulations for corporations. The financial statements have been prepared on a going concern basis and assets and liabilities have been reported using the principle of individual valuation. The financial statements have been compiled according to the principle of completeness. The principle of prudence was taken into account insofar that, in particular, only gains realised at the balance sheet date were accounted for. All recognisable risks and impending losses incurred up to the balance sheet date were included. Estimates are based on prudent judgement. In the existence of statistically determined experiences arising from similar facts, those experiences were taken into account for estimates.

Prevailing accounting and valuation principles have been maintained.

Tangible and intangible assets are reported at cost less accumulated depreciation/amortisation and impairment losses. Impairments of tangible and intangible assets in excess of scheduled depreciation are recognised as write-downs in case impairment is deemed to be sustainable.

Financial assets are carried at cost. In case of sustained and material impairment, a lower fair value is recognised. Fair value is calculated applying the discounted cash flow model using the weighted average cost of capital of the Company at the time of calculation.

Loans to affiliated companies are reported at cost. In case of sustained and material impairment, lower values are recognised.

Raw materials and supplies are capitalised at acquisition cost in line with the weighted average price method. Finished goods are stated at the lower of production cost, originating from the Company’s cost accounting, or net sales value. Services not yet invoiced are valued at production costs.

Acquisition/production costs are stipulated following the first-in, first-out (FIFO) method. Production costs comprise:

- prime costs
- special production costs
- variable factory overheads

Receivables and other assets are reported at nominal value. All recognisable individual risks were accounted for using a cautious valuation approach.

According to Position Paper No. 27 dated December 2019 of the Austrian Financial Reporting and Auditing Committee (AFRAC) “Accruals for pensions and severance payments, provisions for jubilee bonuses and comparable obligations falling due in the long-term under the provision of the Austrian Commercial Code”, provisions for pensions are calculated actuarially using the projected-unit-credit method and mortality tables “AVÖ 2018-P”. Additionally, the earliest date possible for retirement age according to Austrian social insurance legislation is adopted for the calculation. The discount rate used is 1.00% (2020: 0.79%). The discount rate is determined by reference to market rates on the balance sheet date at which high-quality corporates are able to borrow capital for the average residual term of the liability. No staff fluctuation deduction is considered. Additionally, an average increase in pension payments of 2.00% (2020: 2.75%) is considered. The interest expenses relating to provisions for pensions along with effects on changes in discount rates are recorded under the corresponding personnel expense.

Provisions for jubilee bonuses are calculated in accordance with IFRS (IAS 19) using a discount rate of 1.05% (2020: 0.86%). The discount rate is determined by reference to market rates on the balance sheet date. Additionally, a fluctuation deduction of 2.00% (2020: 2.00%) as well as an average wage and salary increase of 3.50% (2020: 2.75%) are used for the calculations.

At year end, all risks recognisable in the light of sound commercial judgement and contingent liabilities are provided for, including provisions for impending losses from negative fair values of derivative instruments. Provisions with a residual term of more than one year are discounted using customary market rates.

Liabilities are reported at settlement amount.

The income statement has been prepared using the total expenditure format.

Obligatory disclosures on financial statement items were omitted in case there were no corresponding facts.

The financial statements are prepared in EUR (i.e. reporting currency). Generally, receivables denominated in other currencies are valued at the lower of the acquisition rate or the exchange rate prevailing on the balance sheet date, whereas liabilities denominated in foreign currencies are valued at the higher rate of origin or the exchange rate prevailing on the balance sheet date.

Derivative financial instruments are reported at the lower of the acquisition cost or the fair value on the balance sheet date. Provisions for impending losses from unclosed transactions are measured following the imparity principle. Derivative financial instruments are accounted for according to the principle of individual valuation. In accordance with the AFRAC position paper (Austrian Financial Reporting and Auditing Committee), derivative financial instruments designated for hedging purposes have been presented and measured as a unit with the underlying transaction. Predominantly, pending transactions and future cash flows are hedged.

The prerequisites for the formation of valuation units are individual risk compensation, matching interest rate maturities and currencies, matching credit ratings and matching maturities. Hedging cash flows requires the hedge to be highly effective in achieving offsetting changes in cash flows attributable to the hedged risk (risks of transactions being matched by counter-risks of derivatives) during the period for which the hedge is designated.

Hedge accounting requires the entity to assess retrospectively whether the hedge relationship was highly or completely effective during the particular period. Hedge ineffectiveness of designated derivative instruments is recognised in profit or loss via provisions for impending losses.

Hedge accounting requires designated derivatives to form a valuation unit with the hedged transactions or items. Future sales and purchases in foreign currency whose exchange rate is fully hedged with foreign exchange forwards are valued at the agreed forward exchange rate. In case of effective hedge relationships of cash flow hedges, measurement of provisions for impending losses of designated derivatives is based on opposite income-related cash flows of the hedged transaction.

Deferred tax assets are recognised for differences between the carrying amounts of assets, provisions, liabilities and other deferred items and their tax bases to the extent that it is probable that the differences will be recovered in future periods.



The following affiliated companies signed toll manufacturing contracts with Borealis AG:

- Borealis Polyolefine GmbH, Austria
- Borealis Polymere GmbH, Germany
- Borealis Polymers N.V., Belgium

- Borealis Kallo N.V., Belgium
- Borealis Antwerpen N.V., Belgium
- Borealis Italia S.p.a., Italy
- Borealis AB, Sweden
- Borealis Polymers Oy, Finland
- Borealis Plastomers B.V., the Netherlands

II. Notes to the Balance Sheet

Assets

1. Fixed Assets

Development of fixed assets:

EUR	Acquisition Cost			
	Balance as of 1 January 2021	Additions	Disposals	Balance as of 31 December 2021
Intangible assets				
Rights and licences	83,242,850.24	8,291,286.60	0.00	91,534,136.84
	83,242,850.24	8,291,286.60	0.00	91,534,136.84
Tangible assets				
Office equipment	5,030,600.66	578,066.14	0.00	5,608,666.62
Construction in progress	6,477.41	671,057.41	0.00	677,534.82
	5,037,078.07	1,249,123.55	0.00	6,286,201.44
Financial assets				
Investments in affiliated companies	3,214,211,441.40	57,896,370.30	-7,052,753.18	3,265,055,058.52
Loans to affiliated companies	68,456,863.80	81,579,376.73	-15,000,000.00	135,036,240.53
Investments in associated companies	414,867,152.33	1,259,000.00	0.00	416,126,152.33
Loans to associated companies	750,346,721.38	252,621,250.58	0.00	1,002,967,971.96
Securities	3,583,858.65	3,543,564.41	0.00	7,127,423.06
	4,451,466,037.56	396,899,562.02	-22,052,753.18	4,826,312,846.40
Total fixed assets	4,539,745,965.87	406,439,972.17	-22,052,753.18	4,924,133,184.68

Borealis AG supplies all raw materials, consumables and other means of production to the toll manufacturers for finished goods fabrication. These finished goods as well as productive factors thereby remain the property of

Borealis AG, with end products being marketed by Borealis AG itself and toll manufacturers being remunerated for their services at market rates.

Accumulated Amortisation/Depreciation				Carrying Value		
Balance as of 1 January 2021	Additions	Disposals	Write-up	Balance as of 31 December 2021	Balance as of 31 December 2020	Balance as of 31 December 2021
-51,736,201.32	-2,030,785.24	0.00	0.00	-53,766,986.56	31,506,648.92	37,767,150.28
-51,736,201.32	-2,030,785.24	0.00	0.00	-53,766,986.56	31,506,648.92	37,767,150.28
-3,916,578.35	-526,178.19	0.00	0.00	-4,442,756.54	1,114,022.31	1,165,910.08
0.00	0.00	0.00	0.00	0.00	6,477.41	677,534.82
-3,916,578.35	-526,178.19	0.00	0.00	-4,442,756.54	1,120,499.72	1,843,444.90
-687,318,333.81	-433,594,941.63	7,052,753.18	0.00	-1,113,860,522.26	2,526,893,107.59	2,151,194,536.26
-5,210,388.37	0.00	0.00	5,210,388.37	0.00	63,246,475.43	135,036,240.53
0.00	-1.00	0.00	0.00	-1.00	414,867,152.33	416,126,151.33
0.00	0.00	0.00	0.00	0.00	750,346,721.38	1,002,967,971.96
-77,417.00	-61,628.85	0.00	0.00	-139,045.85	3,506,441.65	6,988,377.21
-692,606,139.18	-433,656,571.48	7,052,753.18	5,210,388.37	-1,113,999,569.11	3,758,859,898.38	3,712,313,277.29
-748,258,918.85	-436,213,534.91	7,052,753.18	5,210,388.37	-1,172,209,312.21	3,791,487,047.02	3,751,923,872.47



Intangible Assets

Intangible assets purchased from affiliated companies amount to acquisition costs of EUR 31,802,173.36 (2020: EUR 31,802 thousand).

Amortisation/Depreciation is calculated on a straight-line basis over expected useful lives of three to nineteen years. In the 2021 financial year, no impairment losses on intangible assets have been recognised (2020: EUR 0 thousand).

Tangible Assets

Depreciation is calculated on a straight-line basis over expected useful lives of three to ten years.

Financial Assets

Investments in affiliated and associated companies are broken down as shown in the following table:

EUR thousand	Country	City	Investment in %	Proportional equity IFRS EUR thousand	Proportional net profit IFRS EUR thousand
Investments in affiliated companies					
Borealis Argentina SRL	Argentina	Buenos Aires	98.00	27	0
Borealis Asia LIMITED	Hong Kong	Hong Kong	100.00	609	42
Borealis Brasil S.A.	Brazil	Itatiba	80.00	25,470	5,679
BOREALIS CHEMICALS ZA (PTY) LTD	South Africa	Germiston	100.00	95	17
Borealis Chile SpA	Chile	Santiago	100.00	76	37
Borealis Chimie S.A.R.L.	Morocco	Casablanca	100.00	248	23
Borealis Circular Solutions Holding GmbH (formerly CERHA HEMPEL Leilani Holding GmbH)	Austria	Vienna	100.00	25,027	-7
Borealis Colombia S.A.S.	Colombia	Bogota	100.00	66	17
Borealis Denmark ApS	Denmark	Copenhagen	100.00	84	25
Borealis Digital Studio B.V.	Belgium	Zaventem	90.00	417	222
Borealis Financial Services N.V.	Belgium	Mechelen	100.00	186,126	1,643
Borealis France S.A.S.	France	Courbevoie	100.00	399,717	4,701
Borealis Insurance A/S (captive insurance company)	Denmark	Copenhagen	100.00	88,374	5,778
BOREALIS ITALIA S.p.A.	Italy	Monza	100.00	17,081	866
Borealis L.A.T Italia s.r.l.	Italy	Milan	100.00	85	32
Borealis México, S.A. de C.V.	Mexico	Mexico City	100.00	600	19
Borealis Plásticos S.A. de C.V.	Mexico	Mexico City	100.00	30	7
Borealis Plastik ve Kimyasal Maddeler Ticaret Limited Şirketi	Turkey	Istanbul	100.00	348	168
Borealis Plastomers B.V.	The Netherlands	Geleen	100.00	33,058	34,901
Borealis Poliolefinas da América do Sul Ltda.	Brazil	Itatiba	100.00	1,465	503
Borealis Polska Sp. z o.o.	Poland	Warsaw	100.00	308	113



EUR thousand	Country	City	Investment in %	Proportional equity IFRS EUR thousand	Proportional net profit IFRS EUR thousand
Investments in affiliated companies					
Borealis Polymere GmbH	Germany	Burghausen	100.00	73,653	6,235
Borealis Polymers N.V.	Belgium	Beringen	100.00	229,843	3,494
Borealis Polymers Oy	Finland	Porvoo	100.00	365,031	9,042
Borealis Química España S.A.	Spain	Barcelona	100.00	457	127
Borealis RUS LLC	Russia	Moscow	100.00	891	63
Borealis s.r.o.	Czech Republic	Prague	100.00	169	32
Borealis Sverige AB	Sweden	Stenungsund	100.00	292,637	-1
Borealis Technology Oy	Finland	Porvoo	100.00	30	1
BOREALIS UK LTD	UK	Manchester	100.00	1,396	1,198
Borealis USA Inc.	US	Port Murray	100.00	571,215	-14,198
DYM Solution Co., Ltd	South Korea	Cheonan	98.71	32,429	4,324
FEBORAN EOOD	Bulgaria	Sofia	100.00	22,293	1,775
mtm compact GmbH	Germany	Niedergebra	100.00	1,284	44
mtm plastics GmbH	Germany	Niedergebra	100.00	3,902	-3,242
Rosier S.A.	Belgium	Moustier	77.47	-18,415	-22,648

EUR thousand	Country	City	Investment in %	Proportional preliminary equity local GAAP EUR thousand	Proportional preliminary net profit local GAAP EUR thousand
Investments in affiliated companies					
Borealis Agrolinz Melamine GmbH	Austria	Linz	100.00	110,740	20,006
Borealis L.A.T GmbH	Austria	Linz	100.00	98,746	25,660
Borealis Polyolefine GmbH	Austria	Schwechat	100.00	175,627	44,033
Ecoplast Kunststoffrecycling GmbH	Austria	Wildon	100.00	2,609	521



EUR thousand	Country	City	Investment in %	Proportional equity IFRS EUR thousand	Proportional net profit IFRS EUR thousand
Investments in associated companies					
Abu Dhabi Polymers Company Limited	United Arab Emirates	Abu Dhabi	40.00	1,744,334	525,410
Borouge Pte. Ltd.	Singapore	Singapore	50.00	69,043	43,234
C2PAT GmbH	Austria	Vienna	25.00	9	0
C2PAT GmbH & Co KG	Austria	Vienna	25.00	1,250	0
Kilpilahden Voimalaitos Oy	Finland	Porvoo	20.00	444	-779

Loans to affiliated companies totalling EUR 135,036,240.53 (2020: EUR 63,246 thousand) will mature within one year, in the amount of EUR 7,500,000.00 (2020: EUR 15,000 thousand), and in more than five years, in the amount of EUR 127,536,240.53 (2020: EUR 40,746 thousand).

Securities serve to fulfil coverage requirements for pension provisions. In the financial year, an impairment loss of EUR 61,628.85 (2020: reversal of impairment loss

EUR 7 thousand) and purchases in the amount of EUR 474,744.00 (2020: EUR 0 thousand) were recognised for securities.

Loans to associated companies totalling EUR 1,002,967,971.96 (2020: EUR 750,347 thousand) will mature within one year, in the amount of EUR 0.00 (2020: EUR 0 thousand), and in more than five years, in the amount of EUR 985,189,558.21 (2020: EUR 548,361 thousand). Loans to Bayport Polymers LLC, USA, total EUR 985,189,558.21 (2020: EUR 733,699 thousand).

2. Inventories

	2021 EUR	2020 EUR thousand
Raw materials and supplies	284,831,699.42	199,873
Finished goods and merchandise	791,144,604.48	490,650
Total	1,075,976,303.90	690,523

3. Receivables and Other Assets

Trade receivables comprise purchased CO₂ emission allowances amounting to EUR 240,217,898.21 (2020: EUR 116,177 thousand) and are stated at acquisition cost.

Receivables from affiliated companies totalling EUR 1,826,335,826.96 (2020: EUR 1,044,934 thousand) are broken down into trade receivables of

EUR 38,865,915.32 (2020: EUR 29,956 thousand) and other receivables of EUR 1,787,469,911.64 (2020: EUR 1,014,979 thousand).

Receivables from associated companies of EUR 144,150,877.59 (2020: EUR 81,411 thousand) are exclusively trade receivables.

There is no material income that will affect cash flow after the balance sheet date.

4. Deferred Tax Assets

Changes in deferred tax assets, broken down into types of temporary differences and unused tax losses carried forward, are reported as follows:

EUR thousand	Fixed assets	Current assets	Unused tax losses carried forward	Provisions	Total
Deferred tax assets as of 1 January 2021	1,511	5,448	0	4,373	11,332
Recognised through profit and loss in 2021	-301	-361	0	121	-541
Deferred tax assets as of 31 December 2021	1,211	5,087	0	4,493	10,791

Deferred tax assets are measured at a tax rate of 25%. Deferred tax assets solely comprise deductible temporary differences. Deferred taxes include long-term temporary differences totalling EUR 21,352,631.01 (2020: EUR 21,651 thousand).

Shareholders' Equity and Liabilities

1. Shareholders' Equity

Nominal Capital Called and Paid In

The share capital of Borealis AG amounts to EUR 300,000.00 and consists of 300,000 bearer shares at the balance sheet date.

Capital Reserves

The reported unappropriated capital reserves result from indirect shareholder grants by OMV Aktiengesellschaft amounting to EUR 10,000.00 and by OMV Refining & Marketing GmbH amounting to EUR 643,990,000.00.

In addition, on the basis of an agreement of a contribution in kind between Borealis AG, Vienna, and IPIC Denmark Holdings ApS dated 5 December 2005, relating to a 40% interest in Borealis A/S and a 50% interest in IOB, a sum of EUR 1,195,920,552.86 was allocated to unappropriated capital reserves.

Furthermore, due to an agreement of a contribution in kind between Borealis AG, Vienna, International Petroleum Investment Company, Abu Dhabi, and OMV Aktiengesellschaft, Vienna, regarding AMI Agrolinz Melamine International GmbH, Linz, an amount of EUR 101,604,460.00 was allocated to appropriated capital reserves.

In 2010, 2012 and 2013, unappropriated capital reserves amounting to EUR 100,000,000.00, EUR 180,000,000.00 and EUR 20,000,000.00, respectively, were released through profit and loss.

Retained Earnings

Borealis AG intends to pay a dividend of EUR 698,000,000.00 (2020: EUR 150,000 thousand) and to carry forward the remaining profit to a new account.

2. Special Item for Investment Grants for Fixed Assets

The special item for investment grants for fixed assets comprises subsidies granted to the Company in connection with investments in office equipment amounting to EUR 0.00 as at 31 December 2021 (2020: EUR 217 thousand). The investment grant is released over a ten-year term and amounted to EUR 216,615.00 (2020: EUR 64 thousand) for the 2021 financial year.



3. Other Provisions

	2021 EUR	2020 EUR thousand
Provisions for customer rebates and bonuses	52,175,159.13	37,456
Provisions for long-term incentive plan	6,067,538.83	4,769
Provisions for impending losses from uncompleted transactions	11,010,476.95	4,361
Provisions for outstanding invoices	60,595,734.30	16,694
Provisions for employee bonuses	9,213,655.73	5,816
Provisions for not consumed vacation	4,233,477.76	4,699
Provisions for accrued interest	5,872,984.21	7,030
Provisions for jubilee bonuses	2,002,617.00	1,560
Provisions for social fund	136,246.31	17,680
Other provisions	29,183,756.67	11,889
Total	180,491,646.89	111,954

4. Liabilities

The maturities of liabilities are broken down in the following table:

EUR	2021	
	Carrying value as of 31.12.2021	Thereof maturity > five years
Bonds	300,000,000.00	0.00
Bank loans and overdrafts	1,316,365,781.50	472,356,337.66
Trade accounts payable	600,766,568.69	0.00
Accounts payable to affiliated companies	1,054,484,887.65	0.00
Accounts payable to associated companies	103,718,793.32	0.00
Other liabilities	22,300,850.32	0.00
Total	3,397,636,881.48	472,356,337.66

EUR	2020	
	Carrying value as of 31.12.2020	Thereof maturity > five years
Bonds	300,000,000.00	0.00
Bank loans and overdrafts	1,423,726,024.72	392,037,801.08
Trade accounts payable	362,785,169.47	0.00
Accounts payable to affiliated companies	489,769,255.03	0.00
Accounts payable to associated companies	66,080,470.45	0.00
Other liabilities	48,774,968.74	0.00
Total	2,691,135,888.41	392,037,801.08

Accounts payable to affiliated companies totalling EUR 1,054,484,887.65 (2020: EUR 489,769 thousand) consist of financial payables of EUR 489,806,521.55 (2020: EUR 227,742 thousand) and trade payables of EUR 564,678,366.10 (2020: EUR 262,027 thousand).

Accounts payable to associated companies amounting to EUR 103,718,793.32 (2020: EUR 66.080 thousand) are exclusively trade payables.

Other liabilities do not include any material expenses that will produce an outflow of cash after the balance sheet date.

5. Obligations from the Use of Fixed Assets Not Stated in the Balance Sheet

EUR thousand	2021	
	Expenses for the next financial year	Expenses for the next five financial years
Obligations from lease agreements	19,129	46,088
Obligations from rental agreements	3,512	0
Total	22,642	46,088



6. Notes to Financial Instruments

According to the financial policy of the Borealis Group, inter alia, derivative instruments are designated to hedge relationships in order to reduce the risks of operating, finance and investment activities, i.e. risks of foreign exchange rates, interest rates and commodity prices. Therefore, Borealis AG uses foreign exchange forwards, interest rate swaps, cross-currency interest rate swaps and commodity derivatives (feedstock, electricity and natural gas).

Financial risk management is centralised in the Treasury and Funding Department, where foreign exchange risks, in conjunction with short-term cash flows, are hedged and limits for long-term foreign exchange exposures are set.

The majority of borrowings are based on fixed interest rates. The portion of borrowings that is based on variable interest rates is transformed into fixed interest rates using interest rate swaps.

Part of the forecast feedstock purchases and finished goods sales is hedged by feedstock swaps. Commodity price risks are managed by feedstock traders and monitored by Trade Support and Risk Management. Forecast energy purchases are hedged using electricity and natural gas swaps.

At the balance sheet date, financial instruments are broken down as follows and reported in the respective balance sheet items:

Derivatives	2021					
	Nominal value		Fair value EUR thousand		Carrying value EUR thousand	Balance sheet item
		Unit	Positive	Negative		
Forward exchange forwards	214,700	USD thousand	0	-6,159	-	
	1,641,000	SEK thousand	16	-1,806	-	
thereof valuation unit	214,700	USD thousand	0	-6,159	-	
with hedged transaction	1,641,000	SEK thousand	16	-1,806	-	
Interest rate swaps	11,538	EUR thousand	0	-68	-	
	110,000	USD thousand	0	-723	-	
thereof valuation unit	11,538	EUR thousand	0	-68	-	
with hedged transaction	110,000	USD thousand	0	-723	-	
Forward exchange contracts	0	GBP thousand	0	0	-3,817	Other provisions
	5,000,000	JPY thousand	0	-3,817	-	
thereof valuation unit	0	GBP thousand	0	0	0	
with hedged transaction	0	JPY thousand	0	0	0	
Commodity derivatives	349,857	tonnes	13,420	-13,211	-7,194	Other provisions
	6,824	GWh	363,632	-59,774		
thereof valuation unit	273,757	tonnes	11,853	-6,017	-	
with hedged transaction	6,824	GWh	363,632	-59,774	-	

Derivatives	2020					
	Nominal value		Fair value EUR thousand		Carrying value EUR thousand	Balance sheet item
		Unit	Positive	Negative		
Forward exchange forwards	195,000	USD thousand	7,470	-702	-	
	1,487,000	SEK thousand	5,244	-	-	
thereof valuation unit	195,000	USD thousand	7,470	-702	-	
with hedged transaction	1,487,000	SEK thousand	5,244	-	-	
Interest rate swaps	23,077	EUR thousand	-	-259	-	
	110,000	USD thousand	-	-3,667	-	
thereof valuation unit	23,077	EUR thousand	-	-259	-	
with hedged transaction	110,000	USD thousand	-	-3,667	-	
Forward exchange contracts	30,000	GBP thousand	-	-2,930	-2,930	Other provisions
	5,000,000	JPY thousand	327	-	-	
thereof valuation unit	30,000	GBP thousand	-	-	-	
with hedged transaction	5,000,000	JPY thousand	-	-	-	
Commodity derivatives	541,746	tonnes	11,688	-37,789	-1,431	Other provisions
	7,906	GWh	27,311	-21,512	-	
thereof valuation unit	462,583	tonnes	11,279	-36,358	-	
with hedged transaction	7,906	GWh	27,311	-21,512	-	

The fair value of foreign exchange forwards corresponds to the quoted market price on the balance sheet date, i.e. the present value of the quoted forward price. The fair value of interest rate swaps corresponds to the calculated amount the Group would receive or pay in case of closing the position on the balance sheet date, with current interest rates taken into account. The fair value of commodity derivatives corresponds to the market price quoted at the balance sheet date.

Impending losses from negative fair values of derivative instruments, not presented as valuation units, have been provided for in provisions amounting to EUR 11,010 thousand (2020: EUR 4,361 thousand) as at the balance sheet date.

Foreign exchange forwards mature at an average of six months, where all contracts existing as at the balance sheet date mature by the end of the year 2022 at the latest. As at the balance sheet date, Borealis AG had outstanding interest rate derivatives with maturities until 2024 as well as cross-currency interest rate swaps maturing in 2024.

As at the balance sheet date, Borealis AG had commodity derivatives transactions for hedging the price of raw materials maturing at an average of six months and for hedging the price of energy and gas maturing at an average of nineteen months. Commodity derivatives mature no later than 2024.

Provisions for impending losses are accrued for foreign exchange forwards and commodity derivatives, respectively, in case those pending transactions show a negative fair value on the balance sheet date and are not designated as hedging instruments. Foreign exchange forwards and commodity derivatives, respectively, which show a positive fair value on the balance sheet date and are not designated as hedging instruments, are not capitalised. Interest rate swaps for hedging interest-bearing loans are not capitalised as they are deemed to form a valuation unit with the underlying loan. The parameters of the hedged item and the hedging instrument, that determine the extent of the change in value, are identical but opposite (critical terms match). Accordingly, the hedging relationship is considered effective and does not exhibit any ineffectiveness.



Expenses and income from derivative instruments not used to hedge relationships are generally disclosed in the profit and loss items as other operating expenses and other operating income, respectively. Equally, results from derivative instruments related to financing or financial investments are generally disclosed in the financial result. In case derivatives are designated as hedging instruments, the results achieved are disclosed in the same profit and loss items as the results of the hedged transaction.

Hedge effectiveness of all existing hedges is assessed prospectively using the critical-term-match method. The retrospective assessment uses the cumulative dollar-offset-method. For a hedge to be classified highly effective, the actual results of the hedge (retrospective

hedge effectiveness assessment) have to be within a range of 80% to 125%. The effectiveness tests of hedging relationships showed that there was no ineffectiveness as at 31 December 2021.

7. Contingent Liabilities

Borealis AG assumed guarantees amounting to EUR 3,182,725.58 (2020: EUR 26,762 thousand) for external loans and liabilities to affiliated companies.

III. Notes to the Income Statement

A. Sales and Cost of Materials

Sales and cost of materials relate to the sale of products from the Borealis Group predominantly to external customers.

EUR thousand	Sales by Market and Business Areas 2021			
	Polyolefins	Base Chemicals	Other	Total
EU countries	4,623,649	1,092,574	237,036	5,953,259
Non-EU countries	866,968	253,114	0	1,120,082
Total Europe	5,490,617	1,345,688	237,036	7,073,341
North America	182,034	36,869	11,573	230,476
South America	169,099	0	0	169,099
Middle East (excl. UAE)	36,645	0	0	36,645
United Arab Emirates	9,602	18,387	99,143	127,131
Asia	277,353	0	0	277,353
Australia, New Zealand	2,258	0	0	2,258
Africa	172,826	0	0	172,826
Total	6,340,435	1,400,944	347,752	8,089,131

EUR thousand	Sales by Market and Business Areas 2020			
	Polyolefins	Base Chemicals	Other	Total
EU countries	3,056,452	638,440	130,596	3,825,488
Non-EU countries	606,466	158,852	0	765,318
Total Europe	3,662,918	797,292	130,596	4,590,806
North America	116,481	1,312	1,397	119,190
South America	99,371	0	0	99,371
Middle East (excl. UAE)	37,672	0	0	37,672
United Arab Emirates	7,172	4,126	135,649	146,946
Asia	281,062	16,119	0	297,181
Australia, New Zealand	2,525	0	0	2,525
Africa	115,289	0	0	115,289
Total	4,322,489	818,849	252,254	5,408,980

B. Other Operating Income

In the 2021 financial year, insurance compensation for the business interruption (steam crackers) of Borealis AB, Sweden, in the amount of EUR 22,054,339.00 (2020: EUR 79,663 thousand) is included in the remaining other operating income.

C. Personnel Expenses

In the 2021 financial year, the average number of employees was 273 (2020: 262). Exclusively white-collar workers are employed.

Severance payments, pension fund as well as corporate staff and self-employment fund contributions are broken down as follows:

	2021 EUR	2020 EUR thousand
Executive Board	594,058.10	581
Managerial employees	1,221,605.79	1,260
Other employees	1,255,243.26	1,458
Total	3,070,907.15	3,299



Voluntary severance payments amounted to EUR 206,398.16 (2020: EUR 446 thousand) and are broken down as follows:

	2021 EUR	2020 EUR thousand
Executive Board	0.00	0
Managerial employees	206,398.16	224
Other employees	0.00	222
Total	206,398.16	446

D. Other Operating Expenses

	2021 EUR	2020 EUR thousand
Freight	266,315,181.35	246,396
Derivatives	125,408,393.88	50,948
Research and development costs	56,894,197.15	49,863
Royalties	54,362,511.81	22,823
Consulting services	35,417,598.72	25,171
Storage	24,390,103.62	24,033
Insurance	20,266,138.53	17,280
Rents	14,951,001.78	4,117
Commission	12,167,137.60	13,335
Trainings, seminars	1,595,867.35	1,648
Travel expense	725,564.13	764
Sundry	56,234,612.17	43,719
Total	668,728,308.09	500,097

E. Audit Expenses

	2021 EUR	2020 EUR thousand
Audits of statutory national and consolidated financial statements	351,100.00	332
Other assurance services	249,174.00	276
Other services	0.00	0
Total	600,274.00	608

F. Financial Result

The financial result is broken down as follows:

	2021 EUR	2020 EUR thousand
Income from investments		
Abu Dhabi Polymers Company Ltd., UAE	1,875,581,167.13	473,684
Borouge Pte. Ltd., Singapore	68,925,344.05	15,583
Borealis Technology Oy, Finland	0.00	293,545
Borealis Agrolinz Melamine GmbH, Austria	31,950,000.00	44,000
Borealis Polyolefine GmbH, Austria	16,999,998.78	20,000
Borealis Polymers Oy, Finland	15,905,241.38	92,931
Borealis Polymere GmbH, Germany	10,000,000.00	0
BOREALIS ITALIA S.p.A., Italy	1,650,000.00	0
Borealis Plastik ve Kimyasal Maddeler Ticaret Limited Şirketi, Turkey	391,775.16	41
Borealis Brasil S.A., Brasil	181,367.30	1,077
Borealis Chile SpA, Chile	35,426.68	0
Borealis s.r.o., Czech Republic	31,456.77	35
Borealis Química España S.A., Spain	0.00	500
BOREALIS UK LTD, UK	0.00	441
Borealis Colombia S.A.S., Colombia	0.00	53
	2,021,651,777.25	941,889
Interest income from long-term loans		
Novealis Holdings LLC, US	26,538,300.88	20,370
Kilpilahden Voimalaitos Oy, Finland	1,130,870.02	1,038
Borealis Polyolefine GmbH, Austria	169,234.40	393
Other	175,727.98	0
	28,014,133.28	21,801



	2021 EUR	2020 EUR thousand
Other interest and similar income		
Interest income from intercompany financing	24,957,591.52	14,669
Interest and other income from interest rate swaps and FX hedges	9,316,826.98	20,329
Other	1,587,399.11	3,091
	35,861,817.61	38,088
Gains on reversal of previously recognised impairment losses on financial assets		
Write-up to securities held as fixed assets	0.00	7
Write-ups to shares in Borealis Technology Oy, Finland	0.00	6,040
	0.00	6,047
Expenses arising from financial assets		
Impairment of Borealis France S.A.S., Courbevoie, France	394,932,814.34	0
Impairment of Rosier S.A., Moustier, Belgium	38,662,127.29	0
Impairment of Silleno Limited Liability Partnership, Kazakhstan	0.00	7,053
Impairment of securities held as fixed assets	61,628.85	0
Other	26,488.22	0
	433,683,058.70	7,053
Interest and similar expenses		
Interest expenses from intercompany financing	2,525,810.68	9,206
Interest and similar expenses arising from interest rate swaps and FX hedges	31,190,438.24	1,652
Result from foreign exchange translations	41,306,451.06	109,936
Interest charged by banks	30,810,144.55	35,185
Interest expenses in the context of forfaiting	3,142,016.20	2,549
Other	7,159,750.70	6,260
	116,134,611.43	164,788
Financial Result	1,535,710,058.01	835,984

The investment in Rosier S.A., Belgium, was fully impaired in 2021 by EUR 38,662,127.29 (2020: EUR 0 thousand). The lack of profitability in recent years and the significant deviation of the financial results from the budget of Rosier S.A., Belgium, qualified as triggering events for an impairment. Among the main reasons are increasingly competitive market conditions with pressure from vertically integrated competitors as well as an unfavourable cost structure. The investment in Borealis France S.A.S., France, was fully impaired in 2021 by EUR 394,932,814.34 (2020: EUR 0 thousand). Borealis France S.A.S., France, shows a trigger for impairment given the expected loss that will incur as a result of the planned disposal of its subsidiaries Borealis Produits et Engrais Chimiques du Rhin S.A.S., France, and Borealis Chimie S.A.S., France. The conduct of the impairment tests resulted in the full impairment of shares in Rosier S.A., Belgium, and Borealis France S.A.S., France. As a result of this valuation the receivable to Rosier S.A., Belgium, was written off by EUR 40,600,000.00. The write-off of the receivable to Rosier S.A., Belgium, is included in position 6 b) Amortisation and depreciation of current assets, insofar as these exceed the usual depreciation in the corporation.

G. Taxes on Income

Until 31 December 2020, the Company was the group parent of a tax group in line with Section 9 of the Corporate Income Tax Act (KStG) with Borealis Polyolefine GmbH, Borealis Agrolinz Melamine GmbH, Borealis L.A.T GmbH and Ecoplast Kunststoffrecycling GmbH as group members. The tax group was dissolved in 2021. Since the 2021 financial

year, the Company has been a member of a tax group in line with Section 9 of the Corporate Income Tax Act (KStG) with OMV Aktiengesellschaft as the group parent. According to the tax group agreement, if the income derived by the Company during a financial year is positive, the Company has to make a tax compensation payment for this financial year to the group parent. In case of a negative tax result, the parent company does not have to pay any tax compensations. Negative tax losses are carried forward by the group parent and will be deducted from positive tax results of the group member in the future.

H. Significant Events After the Balance Sheet Date

On 2 February 2022, Borealis received a binding offer from EuroChem for the acquisition of the nitrogen business including fertilizer, melamine and technical nitrogen products. The offer values the business on an enterprise value basis at EUR 455,000 thousand. Borealis will initiate mandatory information and consultation procedures with employee representatives. The transaction is also subject to certain closing conditions and regulatory approvals, with closing expected for the second half of 2022.

Borealis AG will continue to focus on its core activities of providing innovative and sustainable solutions in the fields of polyolefins and base chemicals and on the transformation towards a circular economy.



IV. Other Information

The total remuneration received by Executive Board members amounted to EUR 8,168 thousand (2020: EUR 7,331 thousand):

- Active Board members: EUR 4,368 thousand (2020: EUR 7,331 thousand)
- Former Board members: EUR 3,799 thousand (2020: EUR 0 thousand)

Along with additional payments into pension funds amounting to EUR 469 thousand (2020: EUR 470 thousand).

Active members of the Supervisory Board received a remuneration totalling EUR 856 thousand (2020: EUR 856 thousand). Members of the Company Boards have not been granted any advances, loans or guarantees.

Borealis AG is a large joint stock corporation pursuant to Section 221 of the Austrian Commercial Code.

Borealis AG prepares consolidated financial statements in compliance with International Financial Reporting Standards (IFRS), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU and as applicable to the financial year. The consolidated financial statements are filed under No. 269858a in the Commercial Register in Vienna.

Borealis AG is included in the consolidated financial statements of OMV Aktiengesellschaft, Vienna, Austria.

Executive Board

Alfred Stern (Chairman until 1 April 2021), Thomas Gangl (Chairman since 1 April 2021), Mark Tonkens, Martijn Arjen van Koten (Member until 1 July 2021), Wolfram Krenn (Member since 1 July 2021), Philippe Roodhooft, Lucrece De Ridder

Supervisory Board

Rainer Seele (Chairman until 1 September 2021), Alfred Stern (Chairman since 1 September 2021, Member since 1 April 2021), Musabbeh Al Kaabi (Vice Chairman until 9 February 2022), Saeed Al Mazrouei (Vice Chairman since 10 February 2022), Reinhard Florey, Thomas Gangl (Member until 1 April 2021), Martijn Arjen van Koten (Member since 1 September 2021), Alvin Teh (Member since 10 February 2022)



Vienna, 17 February 2022

Executive Board:

Thomas Gangl m.p.
Chief Executive Officer

Mark Tonkens m.p.
Chief Financial Officer

Wolfram Krenn m.p.

Philippe Roodhooft m.p.

Lucrèce De Ridder m.p.



Statement of the Executive Board according to Section 124(1)(3) of the Vienna Stock Exchange Act

We confirm to the best of our knowledge that the standalone financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company of the Group as required by the applicable accounting standards

and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 17 February 2022

Executive Board:

Thomas Gangl m.p.

Chairman of the Executive Board

Mark Tonkens m.p.

Member of the Executive Board

Wolfram Krenn m.p.

Member of the Executive Board

Philippe Roodhooft m.p.

Member of the Executive Board

Lucrèce De Ridder m.p.

Member of the Executive Board



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This report is available in English and German. The original version was written in English. Both documents are available online and can be downloaded from www.borealisgroup.com.

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