

STANDALONE

# Financial Statement 2022

Keep Discovering



**Cover image**

Borealis' new photovoltaic park  
in Schwechat, Austria

**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 Officer**

Appointed in April 2021

Male / Austrian national

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.

### Significant external positions

- Borouge PLC; Vice Chairman of the Board of Non-Executive Directors
- World Energy Council Austria (WEC); Vice President of the Board of Non-Executive Directors
- Austro-Arab Chamber of Commerce; Member of the Board of Non-Executive Directors
- World Business Council for Sustainable Development (WBCSD); Member of the Board of Non-Executive Directors
- Industriellenvereinigung Wien; Member of the Board of Non-Executive Directors
- Österreichischer Verband CREDITREFORM (ÖVC); Member of Advisory Council



**Mark Tonkens**

**Chief Financial Officer**

Appointed in April 2014

Male / Dutch national

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.

### Significant external positions

- Borouge PLC; Member of the Board of Non-Executive Directors
- Bayport Polymers PLC (Baystar); Member of the Board of Non-Executive Directors



#### **Lucrèce Foufopoulos-De Ridder**

**Executive Vice President Polyolefins,  
Circular Economy Solutions and  
Innovation & Technology**

Appointed in January 2019

Female / dual Belgian-Swiss citizenship

Lucrèce Foufopoulos-De Ridder was appointed to the Borealis Executive Board as Executive Vice President Polyolefins, Circular Economy Solutions 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.

#### Significant external positions

- Sika, Switzerland – Member of the Board of Non-Executive Directors
- Royal Vopak, The Netherlands – Member of the Board of Non-Executive Directors
- Borouge Pte. Ltd.; Member of the Board of Non-Executive Directors
- Plastics Europe – Vice President of the Steering Board, Chair of the Advocacy Committee



#### **Wolfram Krenn**

**Executive Vice President  
Base Chemicals & Operations**

Appointed in July 2021

Male / Austrian national

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.

#### Significant external positions

- TÜV Austria Holding AG; Member of the Supervisory Board



#### **Philippe Roodhooft**

**Executive Vice President  
Joint Ventures & Growth Projects**

Appointed in November 2017

Male / Belgian national

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.

#### Significant external positions

- Bayport Polymers LLC; Chairman of the Board of Non-Executive Directors
- Borouge Pte. Ltd.; Vice Chairman of the Board of Non-Executive Directors
- Borouge PLC; Member of the Board of Non-Executive Directors



## **Our Purpose**

Re-inventing essentials for  
sustainable living

## **Our Vision**

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



# Borealis Strategy 2030

## Geographical expansion

Become a fully global partner to our customers

We grow through Mergers & Acquisitions and selected builds in North America, Middle East and Asia. We leverage Borouge's market presence for growth in Asia.

## Transformation

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

### Circular Economy

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

### Value Add

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

## Sustainability

We significantly reduce our CO<sub>2</sub> footprint

## Strong Foundation

Build on safety, people and culture to sustain strong growth

### Safety

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

### People

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

### Innovation & Technology

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

### Performance Excellence

We focus on excellence across all activities. 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 sustainable polyolefin solutions and a European front-runner in polyolefins recycling. In Europe, we are a market leader in base chemicals and fertilizers. We leverage our polymer expertise and decades of experience to offer value adding, innovative and circular material solutions for key industries such as consumer products, energy, healthcare, infrastructure and mobility.

In re-inventing essentials for sustainable living, we build on our commitment to safety, our people, innovation and technology, and performance excellence. We are accelerating the transformation to a circular economy of polyolefins and expanding our geographical footprint to better serve our customers around the globe.

With head offices in Vienna, Austria, we employ ~7,600 employees and operate in over 120 countries. In 2022, we generated total sales and other income of EUR 12.2 billion and a net profit of EUR 2,111 million. OMV, the Austria-based international oil and gas company, owns 75% of our shares, while the remaining 25% is owned by Abu Dhabi National Oil Company, or ADNOC, based in the United Arab Emirates (UAE). We supply services and products to customers around the globe through Borealis and two important joint ventures: Borouge (with ADNOC, headquartered in the UAE); and Baystar™ (with TotalEnergies, based in the US).

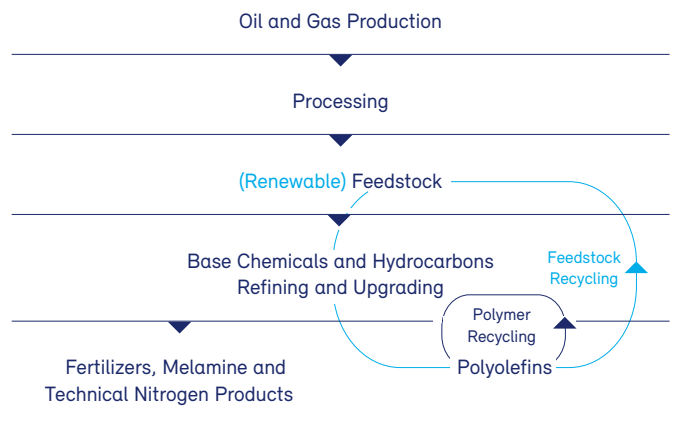
### Value creation through innovation is at the core of Borealis' strategy

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

As a leading innovator in its industries, Borealis continuously identifies and anticipates unmet market needs to consequently develop the corresponding solutions. Using proprietary technologies, innovative tools and leveraging expertise acquired over many years, Borealis unlocks material's 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 industry segments: Polyolefins, Base Chemicals and Fertilizers, Melamine and 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 multitiered Queo™ brand helps bridge the performance gap between conventional plastics, such as polyethylene (PE), and conventional elastomers, like ethylene propylene diene monomer. Queo makes it possible to meet or even surpass the most demanding requirements in sealing, flexibility, compatibility and processability.

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

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

### Circular Economy Solutions

Borealis Circular Economy Solutions is dedicated to discovering new opportunities for long-term business growth, primarily in the areas of mechanical recycling, chemical recycling (in collaboration with 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

**Circular  
Economy  
Solutions**



**Polymer  
Solutions**



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



**Consumer Products**



**Energy**



**Healthcare**



**Infrastructure**



**Mobility**

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

#### Energy

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

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

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

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

With the launch of the new flagship solar brand Quentys™ in 2017, Borealis moved into the global solar industry. Pioneering new products based on Quentys 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.

#### Healthcare

Borealis offers reliable solutions that add value to healthcare, 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 healthcare packaging and medical devices safer and more affordable, while improving usability – a key criterion in today's ageing society.

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

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

#### Infrastructure

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

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

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

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

#### Mobility

Borealis is a leading supplier of innovative polyolefin 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<sub>x</sub> 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<sub>x</sub> 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<sub>x</sub> reduction agent.



# Financial Statements

including Management Report



# Auditor's Report <sup>1) 2)</sup>

## 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 2022, 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 2022, 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 2,681.5 million as of 31 December 2022. Among others, the following investments in affiliated companies show a negative result for the financial year 2022:

- Borealis Argentina SRL, Buenos Aires, Argentina
- Borealis Circular Solutions Holding GmbH, Vienna, Austria
- Borealis México, S.A. de C.V., Mexico City, Mexico
- Borealis Plásticos, S.A. de C.V., Mexico City, Mexico
- Borealis Sverige AB, Stenungsund, Sweden
- mtm compact GmbH, Niedergebra, Germany
- Rosier S.A., Moustier, Belgium
- Borealis Agrolinz Melamine GmbH, Linz, Austria
- Ecoplast Kunststoffrecycling GmbH, Wildon, Austria

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 208 para. 1 UGB, reversals of impairment on investments in affiliated companies are recognised in case the reasons for the impairment no longer exist. In accordance with section 207 UGB, receivables from affiliated companies are to be written down in case they are not recoverable. Management is of the opinion that permanent impairments exist as of 31 December 2022 due to a negative equity value in the valuation models.

For the investment in Rosier S.A., Belgium, a capital increase was carried out in 2022 through the transfer of receivables, which increased the investment value to EUR 55 million.

On 26 September 2022, Borealis and YILDIRIM Group's YILFERT Holding announced that they signed a binding agreement for the acquisition of Borealis' shares in Rosier S.A. The sale was concluded on 2 January 2023. Based on the sales price write-downs in the amount of EUR 33.0 million were recognised in the income statement of the financial year.

In June 2022, a binding offer was received from AGROFERT, a.s., Czech Republic for the Borealis nitrogen

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.



business (“NITRO”) including the investment in Borealis L.A.T GmbH, Linz and subsequently accepted in July 2022. Based on the fair value, management has reversed an impairment in the amount of EUR 99.0 million as of 31 December 2022.

In the financial year 2022, Borealis AG sold all shares in the companies Abu Dhabi Polymers Company Limited and Borouge Pte. Ltd. to Borealis Middle East Holding GmbH, a 100% subsidiary of Borealis AG, which resulted in the recognition of a respective receivable from affiliated companies in the amount of EUR 7,598.8 million and an income of EUR 7,187.1 million.

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. 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, the corresponding impairment, reversal of 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 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 21 February 2022. We were appointed by the Supervisory Board on 21 February 2022. 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, 22 February 2023  
**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 2022

## Operational Review

The Borealis Executive Board and senior management have taken concrete measures in response to the war in Ukraine and the current geopolitical situation. Borealis has no production operations in either Russia or Ukraine, and employs only a limited number of persons in Russia. The Group's key priority is to ensure the safety of our people while doing the utmost to maintain business continuity. In light of international sanctions and other applicable laws, Borealis has reassessed its business transactions with Russia and has stopped sales to Russia and Belarus.

Operations at Borealis production sites around the world have not been interrupted, yet contingency plans are in place should supply disruptions occur. Measures are being implemented on a continual basis to ensure stable material procurement for all Borealis production sites. We remain in close, direct contact with our suppliers and customers, and update them regularly on pertinent developments.

Pronounced volatility has characterised the Brent crude market in 2022. Prices increased sharply as a result of the war in Ukraine, from 75 USD/bbl in December 2021 to a June 2022 peak of 118 USD/bbl. As fears of an economic downturn multiplied, prices eased to 81 USD/bbl by December. Overall, the average 2022 Brent Crude oil price of 99 USD/bbl exceeded the 2021 average of 71 USD/bbl.

From the beginning of 2022, naphtha prices developed in a similar vein as the price of oil, increasing steadily from 698 USD/t in December 2021 to a peak of 996 USD/t in March 2022. Increased naphtha availability in Europe caused by lighter refinery feedstock, and lower demand from China, put downward pressure on the price, which stood at 559 USD/t at year's end. Ethylene and propylene contract prices were also impacted by the naphtha price development. Ethylene started the year at 1,273 EUR/t and, supported by healthy demand in the spring turnaround season, peaked in April at 1,665 EUR/t. Due to limited demand, particularly in July, prices declined, ending the year at 1,270 EUR/t. The price of propylene rose from 1,288 EUR/t in January to 1,675 EUR/t in April, closing out the year at 1,170 EUR/t.

Following the historic high levels reached in 2021, polyolefin margins slowly normalised in the first half of 2022, supported by a busy spring turnaround season, particularly in the second quarter. As of the third quarter, margins deteriorated due to plummeting demand resulting from the global GDP slowdown, and inflationary pressure on customers. In the meantime, the robust recovery of the international container freight market, which in December 2022 had approached pre-COVID levels, allowed imports to surge. Towards the end of the year, polyolefin margins recovered slightly thanks to low operating rates. In a similar way as in 2009, unplanned outages and high US ethane prices limited any increase of imports to Europe, and margins remained lower than at the start of the year.

The total sales volume of Borealis AG's products in 2022 increased slightly compared to 2021 with stable growth throughout the different product categories.

The operating result decreased from a profit of EUR 1,336.3 million in 2021 to a profit of EUR 869.0 million in 2022.

Geographic expansion is a key pillar of the Borealis Strategy 2030. Borealis is committed to achieving sustainable growth by way of joint ventures, mergers and acquisitions, and through the execution of major new construction projects on several continents. Closer geographic proximity to growth markets, and in particular the Middle East, Asia and North America, will enable Borealis to supply ever larger volumes of advanced and sustainable base chemicals and polyolefins to its global customers.

In June, Borouge, the strategic joint venture founded by Borealis and Abu Dhabi National Oil Company (ADNOC) in 1998, became the largest-ever IPO in Abu Dhabi when it was listed on the Abu Dhabi Securities Exchange (ADX). The IPO offered 10% of Borouge's total issued share capital and raised over USD 2.0 billion in gross proceeds. It drew USD 83 billion in orders and was oversubscribed by nearly 42 times in aggregate.



Borouge continued to drive growth in 2022. February saw the ground-breaking ceremony for Borouge 4, the new USD 6.2 billion facility under construction at the Borouge complex in Ruwais (UAE). Once operational, Borouge 4 will help meet growing demand for polymers in the Middle East and Asia, and will also supply feedstock to the adjacent TA'ZIZ Industrial Chemicals Zone. The successful start-up of PP5, the fifth Borouge polypropylene (PP) unit, also took place in February, boosting total Borouge PP capacity by more than 25%. The new PP5 unit is leveraging the proprietary Borstar® technology to deliver greater quantities of polymer-based material solutions for a wide range of industries, from packaging and consumer goods, to pipe and infrastructure.

The largest Borealis growth project underway in North America is the Baystar™ joint venture with TotalEnergies in Port Arthur, Texas. A new ethane-based steam cracker was started up in July 2022. With an annual production capacity of one million tonnes of ethylene, the cracker supplies feedstock to Baystar's existing polyethylene (PE) units. In the future, it will also supply ethylene to the new, 625,000 metric-tonne-per-year Borstar PE unit once construction and ramping up have been completed. Baystar is a crucial growth anchor as it enables Borealis to bring Borstar to North America for the first time.

Progress was made in the first half of 2022 at the new world-scale propane dehydrogenation plant (PDH) in Kallo (Belgium). However, construction was stopped after misconduct on the part of the site's contractor, IREM, was uncovered. Borealis suspended, then terminated all contracts with IREM and its subcontractors due to non-compliance with fundamental contractual principles. Work resumed in October following a re-tendering process. Borealis has zero tolerance for non-compliance in all aspects of its operations and has since implemented more extensive controls and monitoring measures to ensure full future compliance.

The divestment process of the Borealis nitrogen business unit encountered delays as of the first quarter of 2022. A binding offer received from EuroChem in February was declined in March after assessing the consequences of the war in Ukraine and related sanctions. In June, Borealis received a binding offer from Czech-based AGROFERT that valued the business on an enterprise value basis at EUR 810 million. Pending regulatory approval, closing is anticipated for the first quarter of 2023. The Executive Board is confident that AGROFERT, a leading European player on the fertilizer market, is committed to maintaining supply security and the long-term development of production facilities.

On 16 June 2022, Borealis converted into equity of Rosier S.A. a total of EUR 55 million, consisting of EUR 50 million intercompany loans, and EUR 5 million receivables, thus increasing its shareholding from 77.47% to 98.09%. As announced in September 2022, Borealis and YILDRIM Group's YILFERT Holding signed an agreement for the acquisition of Borealis' shares at a valuation of EUR 35 million. On 2 January 2023, Borealis completed the divestment of its shares in Rosier S.A., shedding the 98.09% of the shares it previously owned, and no longer owns any shares in Rosier S.A.

### Financial Result Overview

The financial result in 2022 increased from a financial income of EUR 1,535.7 million in 2021 to a financial income of EUR 7,584.5 million. There were two main drivers. Firstly, the dividends have decreased by 75% from EUR 2,021.7 million in 2021 to EUR 514.2 million in 2022. Secondly, Borealis AG generated gains from the sale of the shares in Abu Dhabi Polymers Company Limited and Borouge Pte. Ltd. in the amount of EUR 7,187.1 million. Overall, Borealis AG generated a net income of EUR 8,276.3 million compared to a net income of EUR 2,546.4 million in 2021.



## Circular Economy

With sustainability at its core, the Borealis Strategy 2030 is a natural evolution of the Group's circular economy journey, which began in 2014 with the pioneering launch of the Daplen™ portfolio of PP compound solutions containing post-consumer recycled (PCR) plastics for use in the automotive industry. By 2022, Borealis was continuing to lead the way towards circularity by increasing the share of circular products (such as recycled and renewable-based polymers, and renewable hydrocarbons) in its overall production output. Borealis aims to boost its current annual production capacity of 100,000 tonnes to 600,000<sup>1)</sup> tonnes by 2025, and to 1.8<sup>2)</sup> million tonnes by 2030. The transition from conventional fossil fuel-based feedstocks to more renewably-based ones is thus well under way.

The Borealis commitment to leading the industry in this transition is represented by its EverMinds™ platform, which joins value chain partners and other stakeholders in accelerating circularity, in part by facilitating value chain co-operation. An ever-increasing number of products and applications are being designed from the ground up to be eco-efficient. Design for recycling and reuse help save precious resources while minimising material waste.

Borealis has further stepped up activity in the area of mechanical recycling. As announced in October, planning has started for the construction of a novel and advanced recycling plant on a commercial scale in Schwechat, Austria, to augment the three existing polyolefin recycling operations currently operated by Borealis in Europe. The plant will be based on the proprietary Borcycle™ M technology, which transforms polyolefins-based post-consumer waste into high-performance polymers. Once operational in 2025, the new plant will have an annual production capacity in excess of 60 kilotonnes. These large volumes will ensure the ample supply of high-quality recyclate to fulfil growing demand for circular products and solutions.

In May, Borealis and its partner Reclay Group announced the formation of a new entity, Recelerate. The shared aim is to close the loop on plastics circularity by rethinking the way that plastics are collected, sorted and processed in order to significantly increase the amount of light packaging waste that is actually recycled.

As a valuable supplement to mechanical recycling, chemical recycling valorises residual waste streams which would otherwise be landfilled or incinerated. The chemical recycling process yields circular feedstock with the same high quality as fossil fuel-based feedstock. This makes it ideal for use in high-end applications with stringent quality and safety standards, such as in food packaging and healthcare. As of 2021, Borealis has procured pyrolysis oil for the chemical recycling process from Belgium-based Renasci with which it manufactures Borcycle C circular polyolefins and base chemicals at several of its own production locations. Since then, Borealis has increased the stake it holds in Renasci step by step: from 10% in 2021, to just over 27% in November 2022, and as of January 2023, to a current majority shareholding position of 50.01%. This further bolsters both the partnership and the Borcycle C portfolio. At the Stenungsund, Sweden production facility, results of a feasibility study for the construction of a new chemical recycling unit are expected in early 2023. Taken together, these activities complement existing collaboration with OMV in which the patented ReOil® technology is used in chemical recycling processes.

In June, Borealis launched the Borvida™ portfolio of circular based chemicals: Borvida B is produced using non-food waste biomass, while Borvida C is made of chemically recycled waste. The traceability of these ISCC Plus-certified products – which include ethylene, propylene, butene and phenol – is ensured thanks to the mass balance method of documenting and tracking renewable-based content across complex manufacturing systems. The Borvida portfolio will be extended in due course with the Borvida A range sourced from atmospheric carbon capture.

### Innovation and New Technologies

Borealis is investing in R&D and new technologies in order to accelerate Value Creation through Innovation, particularly in the circular sphere. The K 2022 trade fair held in Germany in October was the ideal stage for showcasing the many new products and material solutions generated through innovation and collaboration.

Centre stage was taken by the Borstar® Nextension Technology, a step change for performance-based polyolefins. The unique combination of Borstar technology and single-site Borstar Nextension catalysts improves PP properties and produces a wider range of tailored polyolefins. Borstar Nextension facilitates easier recycling because its use in multilayer applications allows for the replacement of multiple different materials with only one material; it thus encourages design for recycling by enabling monomaterial solutions. The single-site catalysts for this breakthrough technology are manufactured at a newly-built Borealis plant in Porvoo, Finland. Two BorPure™ and a nonwoven grade based on Borstar Nextension technology were also launched in October, each offering superior performance combined with circularity and material efficiency.

Grades from The Bornewables™ portfolio of premium circular polyolefins based on renewably-sourced feedstock are being used to develop an increasing number of novel applications, many of which are generated through value-chain collaboration. To name just a few of the products made using grades from the Bornewables and presented at the K 2022: the MAM Original Pure climate-neutral baby pacifier; a coffee-to-go cup in the Tupperware ECO+ product line; a reusable and fully recyclable lightweight plastic bottle co-developed by Borealis and Trexel; and a series of rigid food packaging applications based on Bornewables and Borcycle C co-developed by Borealis and ITC. In Pipe, collaboration with Uponor resulted in the first PE-X pipes based on Bornewables feedstock, while co-operation with NUPIL produced next-generation PP-RCT pipes based on Bornewables.

Other circular highlights of 2022 include three fully recyclable, PE monomaterial pouch solutions; lightweight and ultralightweight reusable cups made of Borealis PP using the patented Bockatech EcoCore plastic foaming technology; a series of flexible packaging formats incorporating 50% PCR; and the world's first shoe made from carbon emissions, On's Cloudprime, containing high-performance, easy-to-process ethylene vinyl acetate foam supplied by Borealis. In June, the first Borcycle M jacketing compound containing up to 50% PCR was launched, thereby promoting enhanced circularity in the Wire & Cable sector. Finally, in the automotive sector, Borealis announced in October that collaboration with Tier One supplier Magna had produced the first and largest-ever all-thermoplastic tailgate for the new Volkswagen Multivan, a prime example of customer-centric innovation resulting in high-performance yet lighter-weight parts that help reduce the carbon footprint of vehicles.

Around 500 people are active 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 and Porvoo.

Borealis continues to be among the top-ranked companies in Austria with respect to patent filings. In 2022, Borealis filed 128 new priority patent applications at the European Patent Office. This is just short of its previous record of 133 patent applications filed in 2021. As of January 2023, the Borealis Group holds around 11,500 individual patents or patent applications which are subsumed in approximately 1,450 patent families. The growing number of patents is proof positive of the Group's dedication to Value Creation through Innovation.



### Changes to the Supervisory Board

As published in the Borealis Interim Consolidated Financial Statements in June 2022, several changes to the Borealis Supervisory Board took effect as of 10 February 2022. Alvin Teh joined the Supervisory Board, succeeding Musabbeh Al Kaabi; Saeed Al Mazrouei was newly appointed as Vice Chairman of the Supervisory Board. After the shareholder change from Mubadala to ADNOC in November, Khaled Salmeen replaced Saeed Al Mazrouei as Vice Chairman of the Supervisory Board, and Khaled Al Zaabi joined the Supervisory Board, replacing Alvin Teh.

### 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 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 a representation in Abu Dhabi.

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 29 employees to 302 by the end of 2022.

### 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 the Group's risk exposure and 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 the 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 performs a self-assessment of defined internal controls and takes action 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 subsidiary companies.

Borealis has 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 may involve the use 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 percent 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, purchases or financing denominated in currencies other 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. Borealis AG has therefore purchased interest rate derivatives denominated in USD to reach this target. The 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 in respect of 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 2023

The Borealis Executive Board and its senior management are proud of the excellent full year 2022 results. Despite the very strong performance of both integrated polyolefins and fertilizer markets in the first half of the year, the weaker results in the final quarters are a clear sign of turbulence ahead. Borealis' management anticipates continued market volatility and an overall worsening market environment for its core business areas over the next years.

Yet as a trusted and reliable partner to its customers and the value chain, Borealis is well equipped to manage current and future crises. Supported by its strong foundation, Borealis will continue to make progress in expanding its geographic footprint while continuing to lead the industry transformation to a circular economy of plastics. By upholding its dedication to re-inventing essentials for more sustainable living, Borealis will keep providing innovative chemical and plastic solutions that create value for society.



# Group Management Report <sup>1)</sup>

*All amounts in the management report are not considering the reclassification of the discontinued operation and related balances held for sale.*

## Safety Performance

In 2022, Borealis reported a Total Recordable Injury Rate (TRIR) per million working hours of 2.9. This is a deterioration compared to the TRIR rate of 2.3 in 2021. The ratio reflects 60 incidents in which individuals were injured as well as one fatal accident involving a contractor in Grandpuits, France. Borealis expresses its deepest regret for this tragic fatality and all other incidents.

In line with its "Goal Zero" aim to eliminate all accidents and incidents, Borealis has developed and implemented new measures to enhance safety performance, including the new "B-safe" programme, whose pilot was launched in December in Belgium. B-safe will be successively rolled out across the Borealis Group by mid-2024. All Borealis employees and Executive Board members will receive one to three-day training sessions. Programme focus is on pro-active intervention to prevent safety incidents, risk identification measures, learning from past incidents, and promoting a generally heightened awareness of the importance of looking out for others on the job.

## Ethical Labour Practices

The absolute top priority for the Borealis Group is to ensure the safety of all people working at and for Borealis. The Executive Board welcomes all efforts undertaken by Borealis senior management to implement further measures to achieve the ultimate "Goal Zero" of no accidents or incidents whatsoever, and to ensure that all people working for Borealis and its subcontractors can do so safely, and while heeding the highest ethical standards.

## Ukraine and Geopolitical Conflict

The Borealis Executive Board and senior management have taken concrete measures in response to the war in Ukraine and the current geopolitical situation. Borealis has no production operations in either Russia or Ukraine, and employs only a limited number of persons in Russia. The Group's key priority is to ensure the safety of our people while doing the utmost to maintain business continuity. In light of international sanctions and other applicable laws, Borealis has reassessed its business transactions with Russia and has stopped sales to Russia and Belarus.

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## Business Overview

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<sup>1)</sup> The following information is based on the consolidated financial statements of Borealis AG from 31 December 2022, prepared in accordance with IFRS and accepted by the EU.

## Strategy

In June, Borealis announced the launch of the Borealis Strategy 2030, a strategic evolution with sustainability at its core. Its two main pillars – geographic expansion and company transformation – build on the strong Borealis foundation of dedication to safety first, our people, innovation and technology, and performance excellence. The strategy sets forth ambitious new targets for both decarbonisation and the volume growth of circular economy products and solutions in the Borealis Polyolefins and Hydrocarbons businesses. Underlining the customer-centric approach to accelerating the transformation to a circular economy is a newly evolved purpose, “Re-inventing Essentials for Sustainable Living”.

## Joint Ventures and Global Growth

Geographic expansion is a key pillar of the Borealis Strategy 2030. Borealis is committed to achieving sustainable growth by way of joint ventures, mergers and acquisitions, and through the execution of major new construction projects on several continents. Closer geographic proximity to growth markets, and in particular the Middle East, Asia and North America, will enable Borealis to supply ever larger volumes of advanced and sustainable base chemicals and polyolefins to its global customers.

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## Borealis NITRO Divestment

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## Rosier Divestment

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of Borealis' shares at a valuation of EUR 35 million. On 2 January 2023, Borealis completed the divestment of its shares in Rosier S.A., shedding the 98.09% of the shares it previously owned, and no longer owns any shares in Rosier S.A.

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The Borealis commitment to leading the industry in this transition is represented by its EverMinds™ platform, which joins value chain partners and other stakeholders in accelerating circularity, in part by facilitating value chain co-operation. An ever-increasing number of products and applications are being designed from the ground up to be eco-efficient. Design for recycling and reuse help save precious resources while minimising material waste.

Borealis has further stepped up activity in the area of mechanical recycling. As announced in October, planning has started for the construction of a novel and advanced recycling plant on a commercial scale in Schwechat, Austria, to augment the three existing polyolefin recycling operations currently operated by Borealis in Europe. The plant will be based on the proprietary Borcycle™ M technology, which transforms polyolefins-based post-consumer waste into high-performance polymers. Once operational in 2025, the new plant will have an annual production capacity in excess of 60 kilotonnes. These large volumes will ensure the ample supply of high-quality recycle to fulfil growing demand for circular products and solutions.

In May, Borealis and its partner Reclay Group announced the formation of a new entity, Recelerate. The shared aim is to close the loop on plastics circularity by rethinking the way that plastics are collected, sorted and processed in order to significantly increase the amount of light packaging waste that is actually recycled.

As a valuable supplement to mechanical recycling, chemical recycling valorises residual waste streams which would otherwise be landfilled or incinerated. The chemical recycling process yields circular feedstock with the same high quality as fossil fuel-based feedstock. This makes it ideal for use in high-end applications with stringent quality and safety standards, such as in food packaging and healthcare. As of 2021, Borealis has procured pyrolysis oil for the chemical recycling process from Belgium-based Renasci with which it manufactures Borcycle C circular polyolefins and base chemicals at several of its own production locations. Since then, Borealis has increased the stake it holds in Renasci step by step: from 10% in 2021, to just over 27% in November 2022, and as of January 2023, to a current majority shareholding position of 50.01%. This further bolsters both the partnership and the Borcycle C portfolio. At the Stenungsund, Sweden production facility, results of a feasibility study for the construction of a new chemical recycling unit are expected in early 2023. Taken together, these activities complement existing collaboration with OMV in which the patented ReOil® technology is used in chemical recycling processes.

In June, Borealis launched the Borvida™ portfolio of circular based chemicals: Borvida B is produced using non-food waste biomass, while Borvida C is made of chemically-recycled waste. The traceability of these ISCC Plus-certified products – which include ethylene, propylene, butene and phenol – is ensured thanks to the mass balance method of documenting and tracking renewable-based content across complex manufacturing systems. The Borvida portfolio will be extended in due course with the Borvida A range sourced from atmospheric carbon capture.

### Innovation and New Technologies

Borealis is investing in R&D and new technologies in order to accelerate Value Creation through Innovation, particularly in the circular sphere. The K 2022 trade fair held in Germany in October was the ideal stage for showcasing the many new products and material solutions generated through innovation and collaboration.

Centre stage was taken by the Borstar® Nextension Technology, a step change for performance-based polyolefins. The unique combination of Borstar technology and single-site Borstar Nextension catalysts improves PP properties and produces a wider range of tailored polyolefins. Borstar Nextension facilitates easier recycling because its use in multilayer applications allows for the replacement of multiple different materials with only one material; it thus encourages design for recycling by enabling monomaterial solutions. The single-site catalysts for this breakthrough technology are manufactured at a newly-built Borealis plant in Porvoo, Finland. Two BorPure™ and a nonwoven grade based on Borstar Nextension technology were also launched in October, each offering superior performance combined with circularity and material efficiency.

Grades from The Bornewables™ portfolio of premium circular polyolefins based on renewably-sourced feedstock are being used to develop an increasing number of novel applications, many of which are generated through value-chain collaboration. To name just a few of the products made using grades from the Bornewables and presented at the K 2022: the MAM Original Pure climate-neutral baby pacifier; a coffee-to-go cup in the Tupperware ECO+ product line; a reusable and fully recyclable lightweight plastic bottle co-developed by Borealis and Trexel; and a series of rigid food packaging applications based on Bornewables and Borcycle C co-developed by Borealis and ITC. In Pipe, collaboration with Uponor resulted in the first PE-X pipes based on Bornewables feedstock, while co-operation with NUPI produced next-generation PP-RCT pipes based on Bornewables.

Other circular highlights of 2022 include three fully recyclable, PE monomaterial pouch solutions; lightweight and ultra-lightweight reusable cups made of Borealis PP using the patented Bockatech EcoCore plastic foaming technology; a series of flexible packaging formats incorporating 50% PCR; and the world's first shoe made from carbon emissions, On's Cloudprime, containing high-performance, easy-to-process ethylene vinyl acetate foam supplied by Borealis. In June, the first Borcycle M jacketing compound containing up to 50% PCR was launched, thereby promoting enhanced circularity in the Wire & Cable sector. Finally, in the automotive sector, Borealis announced in October that collaboration with Tier One supplier Magna had produced the first and

largest-ever all-thermoplastic tailgate for the new Volkswagen Multivan, a prime example of customer-centric innovation resulting in high-performance yet lighter-weight parts that help reduce the carbon footprint of vehicles.

Around 500 people are active 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 and Porvoo.

Borealis continues to be among the top-ranked companies in Austria with respect to patent filings. In 2022, Borealis filed 128 new priority patent applications at the European Patent Office. This is just short of its previous record of 133 patent applications filed in 2021. As of January 2023, the Borealis Group holds around 11,500 individual patents or patent applications which are subsumed in approximately 1,450 patent families. The growing number of patents is proof positive of the Group's dedication to Value Creation through Innovation.

### Energy and Climate

Borealis aims to reduce its Scope 1 and Scope 2 emissions from 5.1 million tonnes per year (from a 2019 baseline) to 2 million tonnes by 2030. To achieve this goal, a greater share of electricity obtained from renewable sources is being used in its own operations. By 2030, 100% of the electricity used in the Polyolefins and Hydrocarbons businesses should be of renewable origin. Emission reduction targets have been calculated on the basis of a 2023 divestment of the Borealis nitrogen business comprising fertilizers, melamine and technical nitrogen products.

Several long-term power purchase agreements (PPA) were signed in 2022. In February, a PPA signed with Fortum will use wind to help power operations in Finland, thereby reducing Scope 2 emissions at this location by 28,000 tonnes/year. In October, a ten-year PPA was signed with Axpo Nordic to supply wind power to Borealis' operations in Sweden, with projected Scope 2 emissions reductions of 10,000 tonnes/year. In December, Borealis signed its second PPA with Eneco. This ten-year agreement entails the supply of electricity generated from the offshore wind farm Seastar. It will reduce annual Scope 2 emissions at Borealis' operations in Belgium by approximately 22,300 tonnes. The Borealis Group's first hydropower PPA was signed in December with long-term partner and leading Austrian energy company VERBUND.





As of January 2023, the ten-year PPA will supply an annual 220 gigawatt hours (GWh) of electricity generated from two hydropower plants on the Danube River to Borealis' operations in Schwechat.

Borealis is also erecting an increasing number of photovoltaic (PV) arrays to power portions of its own operations. Together with VERBUND, Borealis announced in May the commissioning of one of the largest rooftop PV arrays in Linz, Austria; and in November, joint plans to establish a new PV park to help power operations in Schwechat. Annual CO<sub>2</sub> emissions at production operations in Linz will be lowered by 350 tonnes and in Schwechat by nearly 1,200 tonnes.

Green hydrogen has been called a crucial lever in the energy transition because it can be used to decarbonise heavy industry. To this end, Borealis announced in September that it has again joined forces with VERBUND in a joint industrial-scale project in which green hydrogen will be used to produce fertilizers, melamine and technical nitrogen products. Operations are planned to commence at an electrolysis plant in 2025, with an annual projected CO<sub>2</sub> emissions reduction of up to 90,000 tonnes.

In October, Borealis launched an innovative tool developed by the in-house Borealis Digital Studio: Neoni is a novel CO<sub>2</sub> emissions calculation tool that contains cradle-to-gate data for over 500 polyolefin grades. Using digitalisation to drive decarbonisation is part of the customer-centric approach taken by Borealis to drive the transition to the circular economy.

Borealis is currently exploring the viability of carbon capture and storage. Among several projects in the pipeline is the Antwerp@C project. Engineering studies are currently underway to gauge the viability of shared CO<sub>2</sub> infrastructure that joins leading chemical and energy companies at the Port of Antwerp. This effort would reduce by 50% the overall CO<sub>2</sub> emissions originating from the port by 2030.

## Financial Performance

### Sales

Borealis sold 3.54 million tonnes of polyolefins in 2022, 10% less than in 2021. The decrease was mainly caused by lower demand in the consumer products segment due to the slowing economy. Borealis Fertilizers sales reached 3.21 million tonnes in 2022 versus the 3.91 million sold in 2021, a decline attributed to lower demand (as product prices spiked on the back of elevated gas prices), and relatively low-priced urea imports flowing into Europe. Melamine sales volumes of 84 thousand tonnes in 2022 were significantly below the 143 thousand tonnes sold in 2021; here, the combined effect of the global economic slowdown and increased imports from China led to reduced domestic demand starting in the third quarter.

### Cost Development

The higher feedstock price environment saw an increase in 2022 production costs compared to 2021. Furthermore, higher inflation caused by the global economic recovery drove an increase in sales and distribution costs from EUR 721 million in 2021 to EUR 873 million in 2022; administration costs increased accordingly from EUR 251 million in 2021 to EUR 278 million in 2022. Guided by an unchanged commitment to Value Creation through Innovation, spending on research and development (consisting of costs for Borealis Innotech organisation and depreciation of R&D assets) declined from EUR 123 million in 2021 to EUR 112 million in 2022.

At the end of 2022, the number of employees (headcount) was 7,649, an increase of 141 on the previous year.

### Operating Profit

Operating profit amounted to EUR 1,081 million compared to EUR 1,517 million in 2021. The Polyolefins operating profit declined from EUR 1,186 million in 2021 to EUR 526 million in 2022. However, due primarily to results achieved in the first half of the year, it remains one of the best ever for Polyolefins. The Base Chemicals segment delivered an operating profit of EUR 243 million in 2022, down from EUR 309 million in 2021. Despite an increase in indicator margins, the result was negatively impacted by the Stenungsund cracker turnaround, less favourable sourcing costs due to the war in Ukraine, and lower demand, particularly in the second half of 2022.

Operating profit was also supported by a very strong contribution from the Borealis nitrogen business unit amounting to EUR 339 million in 2022 compared to EUR 126 million in 2021, and particularly from Fertilizers, in which margins remained healthy despite soaring natural gas prices. Melamine faced sluggish demand and collapsing prices, particularly in the second half of the year.

Since the announcement of the start of the divestment process of the Borealis nitrogen business unit, assets within the scope of the divestment have been classified as assets held for sale.

### Financial Income and Expenses

The increase in net financial expenses from EUR 9 million in 2021 to a net financial income of EUR 104 million in 2022 was mainly due to a favourable currency effect driven by the stronger US dollar and higher interest income from the member loan granted to the Baystar joint venture with TotalEnergies.

### Taxes

Income taxes amounted to EUR 342 million, an increase of EUR 79 million from tax charges of EUR 263 million in 2021. The higher overall tax charge in 2022 is to a large extent driven by deferred taxes on measurement of discontinued operation.

### Net Profit

The reduction in operating profit was almost fully offset by the increased contribution from Borealis joint ventures, rising from EUR 595 million in 2021 to EUR 1,001 million in 2022. Borouge business performance was affected by softer demand and lower sales prices. The Baystar result suffered from the full depreciation charge after the start-up of the cracker, and subsequent slow ramping up due to operational challenges. However, the positive one-off effects of the Borouge IPO (which contributed EUR 604 million to the result) and the updated fair value assessment of the disposal group related to the ongoing divestment process of the nitrogen business unit (which contributed EUR 266 million) compensated for the lower business result. At EUR 2,111 million, the 2022 net profit is thus the highest ever obtained by Borealis.

### Capital Expenditure

Investments in property, plant and equipment amounted to EUR 667 million in 2022, compared to EUR 660 million in 2021. A large portion of the total investment relates to the new, world-scale PDH plant in Kallo; the upgrade and revamp of four cracker furnaces in Stenungsund; the upgrade of semicon units in Antwerp; and a new wastewater treatment unit in Stenungsund. Health, Safety and Environment (HSE) capital expenditure amounted to EUR 107 million, compared to EUR 88 million in 2021. Investments in intangible assets amounted to EUR 58 million in 2022, compared to EUR 60 million in 2021.

Depreciation, amortisation and impairment amounted to EUR 352 million in 2022. In 2021, the comparable figure of EUR 427 million included an impairment charge of EUR 39 million in relation to Rosier assets.

### Financial Position

At year end, total assets and capital employed stood at EUR 14,685 million and EUR 11,952 million, respectively, compared to EUR 12,985 million and EUR 9,936 million at the end of 2021.

Return on capital employed (ROCE) after tax of 19% in 2022 was on the same level as 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 14% also remains well above the Group's target of 11% through the cycle.

### Cash Flows and Liquidity Reserves

Cash flow from operating activities was EUR 898 million, driven by strong operating profitability, and partially offset by a negative working capital development due to the increasing price environment. Cash flow further benefitted from the successful Borouge IPO (EUR 745 million) and the partial externalisation of the Baystar member loans (EUR 602 million), and was partially offset by the dividend of EUR 698 million distributed to Borealis shareholders from the 2021 result, and an equity injection into Borouge 4 (EUR 408 million). Net interest-bearing debt decreased to EUR -70 million at year end, down from EUR 223 million at the end of 2021. The table below shows the change in net interest-bearing debt.



EUR million	2022	2021
<b>Change of net interest-bearing debt</b>		
Cash flow from operating activities	898	967
Capital expenditure	-725	-720
Capital contributions to and financing and acquisition of associated companies and joint ventures	-668	-366
Dividends of associated companies and joint ventures and non-consolidated subsidiaries	595	1,943
Proceeds from disposal of shares in joint ventures	745	0
Repayments of financing by joint ventures	602	0
Acquisition of non-controlling interests	-1	-4
Other (mainly relating to foreign exchange differences)	48	-38
Dividend paid to equity holders of the parent and non-controlling interests	-699	-150
Additions lease liabilities	-503	-21
<b>Total decrease (+)/increase(-) of net interest-bearing net debt</b>	<b>292</b>	<b>1,611</b>

This resulted in a gearing ratio of -1% at the end of 2022, compared to 3% at the end of 2021. This gearing reflects a very strong balance sheet. Liquidity reserves, composed of undrawn committed credit facilities and cash balances, amounted to EUR 3,408 million at year end 2022, compared to EUR 2,717 million at year end 2021. Borealis additionally

benefits from a well-diversified financing portfolio and a balanced maturity profile. The solvency ratio was 66% at year end 2022, compared to 62% at year end 2021.

#### Shareholders' Equity

Shareholders' equity at year end 2022 was EUR 9,785 million.

EUR million	2022	2021
<b>Equity development</b>		
Net result attributable to the parent	2,108	1,406
Exchange and fair value adjustment (net)	163	452
Gross increase/decrease	2,271	1,858
Dividend paid	-698	-150
Changes in consolidation scope	-10	0
Reclassification of cash flow hedges to balance sheet	46	51
Net increase/decrease	1,609	1,759
Opening equity	8,176	6,417
<b>Closing equity</b>	<b>9,785</b>	<b>8,176</b>

## 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.

Borealis captures emerging risks, risks that may materialise during the business plan period, and strategic risks that may affect the delivery of the Group's long-term strategy. In addition, Borealis distinguishes between "outside-in" and "inside-out" risks. Particular emphasis was placed in 2022 on the risks emanating from the war in Ukraine, which were assessed by a dedicated emergency management team.

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. Strategic risks are often 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 Shareholder Structure

The 25% share in the Borealis Group previously held by Mubadala was acquired by ADNOC as of November 2022. This acquisition deepens the existing strong relationship between Borealis and ADNOC, and supplements its current drive to extend its global footprint to thriving chemical and petrochemical markets in North America and Europe. The Executive Board is pleased to welcome ADNOC as a new shareholder and looks forward to working closely with it and the OMV Group to ensure the sustained success of the Borealis Group.



### Changes to the Supervisory Board

As published in the Borealis Interim Consolidated Financial Statements in June 2022, several changes to the Borealis Supervisory Board took effect as of 10 February 2022.

Alvin Teh joined the Supervisory Board, succeeding Musabbeh Al Kaabi; Saeed Al Mazrouei was newly appointed as Vice Chairman of the Supervisory Board. After the shareholder change from Mubadala to ADNOC in November, Khaled Salmeen replaced Saeed Al Mazrouei as Vice Chairman of the Supervisory Board, and Khaled Al Zaabi joined the Supervisory Board, replacing Alvin Teh.

### Economic Development and Outlook

The Borealis Executive Board and its senior management are proud of the excellent full year 2022 results. Despite the very strong performance of both integrated polyolefins and fertilizer markets in the first half of the year, the weaker results in the final quarters are a clear sign of turbulence ahead. Borealis' management anticipates continued market volatility and an overall worsening market environment for its core business areas over the next years.

Yet as a trusted and reliable partner to its customers and the value chain, Borealis is well equipped to manage current and future crises. Supported by its strong foundation, Borealis will continue to make progress in expanding its geographic footprint while continuing to lead the industry transformation to a circular economy of plastics. By upholding its dedication to re-inventing essentials for more sustainable living, Borealis will keep providing innovative chemical and plastic solutions that create value for society.

### 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 2022, 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, as well as the taxonomy-alignment levels of these KPI's.



		2022 excl. NITRO <sup>1)</sup>	2022 incl. NITRO <sup>1)</sup>	2021 incl. NITRO <sup>1)</sup>	2020 incl. NITRO <sup>1)</sup>	2019	2018
<b>Income and profitability</b>							
Total sales and other income	EUR million	9,613	12,225	10,153	6,937	8,103	8,337
Operating profit	EUR million	703	1,081	1,517	351	605	496
Operating profit as percentage of total sales and other income	%	7	9	15	5	7	6
Net profit	EUR million	1,613	2,111	1,396	589	872	906
Return on capital employed, net after tax	%	–	19	19	8	11	13
<b>Cash flow and investments</b>							
Cash flow from operating activities	EUR million	602	898	967	1,083	872	517
Investments in property, plant and equipment	EUR million	544	667	660	614	376	326
Cash and cash equivalents	EUR million	2,226	2,242	1,551	83	83	50
<b>Financial position</b>							
Balance sheet total	EUR million	–	14,685	12,985	10,583	10,118	9,949
Net interest-bearing debt	EUR million	–	-70	223	1,833	1,569	1,327
Equity attributable to owners of the parent	EUR million	–	9,785	8,176	6,417	6,445	6,421
Gearing	%	–	-1	3	29	24	21
<b>Health, Safety &amp; Environment <sup>2)</sup></b>							
Total Recordable Injuries (TRI) <sup>3)</sup>	number/million work hours						
a. Old definition		–	–	–	1.7	1.6	1.3
b. New definition <sup>4)</sup>		2.6	2.9	2.3	3.9	3.4	–
EU ETS CO <sub>2</sub> emissions	kilotonnes	1,355	3,377	3,878	4,050	4,625	4,302
Primary energy consumption	GWh	14,923	21,364	21,730	22,340	25,831	24,476
Flaring performance	tonnes	39,955	39,955	38,538	42,543 <sup>5)</sup>	27,619	26,273
Waste generation	tonnes	82,425	92,383	102,023	97,905	86,109 <sup>6)</sup>	53,713
Water withdrawal	m <sup>3</sup> million	407	657	735	755	750	675
Number of employees	full-time equivalents <sup>7)</sup> headcount <sup>8)</sup>	– 5,631	– 7,649	6,934 7,508	6,920 –	6,869 –	6,834 –

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) 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. // 3) Rosier is excluded from TRI 2022 excl. NITRO. // 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) The main reason for the increase is the integration of the plastics recycling company mtm plastics GmbH into the monthly group reporting. // 7) Full-time equivalents considers part-time employed staff only as 0.5 // 8) Number of employees is presented in headcount instead of full-time equivalents since 2022. A comparison to previous years is only possible with 2021.

#### 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, 22 February 2023

**Executive Board:**

**Thomas Gangl m.p.**  
Chief Executive Officer

**Mark Tonkens m.p.**  
Chief Financial Officer

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

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

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



# Financial Statements Standalone

## Balance Sheet as of 31 December 2022

	31.12.2022 EUR	31.12.2021 EUR thousand
<b>Assets</b>		
<b>A. Fixed assets</b>		
I. Intangible assets		
1. Rights and licences	33,812,235.32	37,767
II. Tangible assets		
1. Office equipment	1,071,624.78	1,166
2. Construction in progress	2,529,136.13	678
	3,600,760.91	1,844
III. Financial assets		
1. Investments in affiliated companies	2,681,533,028.23	2,151,195
2. Loans to affiliated companies	131,536,240.53	135,036
thereof with residual maturity of more than one year EUR 127,536,240.53; 2021: EUR 127,536 thousand		
3. Investments in associated companies	5,462,892.28	416,126
4. Loans to associated companies	612,356,032.72	1,002,968
thereof with residual maturity of more than one year EUR 591,883,148.47; 2021: EUR 985,190 thousand		
5. Securities	6,663,999.65	6,988
	3,437,552,193.41	3,712,313
	<b>3,474,965,189.64</b>	<b>3,751,924</b>

	31.12.2022 EUR	31.12.2021 EUR thousand
<b>Assets</b>		
<b>B. Current assets</b>		
I. Inventories		
1. Raw materials and supplies	427,559,485.76	284,832
2. Finished goods and merchandise	877,921,884.37	791,145
	1,305,481,370.13	1,075,976
II. Receivables and other assets		
1. Trade receivables	697,129,449.10	1,058,748
thereof with residual maturity of more than one year EUR 0.00; 2021: EUR 0 thousand		
2. Receivables from affiliated companies	8,678,744,571.13	1,826,336
thereof with residual maturity of more than one year EUR 7,048,368,766.25; 2021: EUR 304,994 thousand		
3. Receivables from associated companies	187,457,349.07	144,151
thereof with residual maturity of more than one year EUR 38,955,969.57; 2021: EUR 20,101 thousand		
4. Other receivables and other assets	118,262,807.38	185,868
thereof with residual maturity of more than one year EUR 0.00; 2021: EUR 0 thousand		
	9,681,594,176.68	3,215,103
in total thereof with residual maturity of more than one year EUR 7,087,324,735.82; 2021: EUR 325,095 thousand		
III. Cash and cash equivalents	2,079,029,839.95	1,378,884
	<b>13,066,105,386.76</b>	<b>5,669,963</b>
<b>C. Prepaid expenses</b>	<b>11,047,117.56</b>	<b>10,891</b>
<b>D. Deferred tax assets</b>	<b>5,894,820.89</b>	<b>10,791</b>
<b>Total assets</b>	<b>16,558,012,514.85</b>	<b>9,443,570</b>



	31.12.2022 EUR	31.12.2021 EUR thousand
<b>Shareholders' Equity and Liabilities</b>		
<b>A. Shareholders' equity</b>		
I. Nominal capital called up and paid in	300,000.00	300
subscribed capital EUR 300,000.00; 2021 EUR 300 thousand		
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	11,778,756,089.74	4,200,453
thereof profit carried forward EUR 3,502,452,856.59; 2021: EUR 1,654,096 thousand		
	<b>13,420,473,959.74</b>	<b>5,842,171</b>
<b>B. Provisions</b>		
1. Provisions for pensions	16,595,502.30	23,271
2. Provisions for severance	320,295.00	0
3. Other provisions	213,749,117.06	180,492
	<b>230,664,914.36</b>	<b>203,763</b>
<b>C. Liabilities</b>		
1. Bonds	300,000,000.00	300,000
thereof with residual maturity of up to one year EUR 0.00; 2021: EUR 0 thousand		
thereof with residual maturity of more than one year EUR 300,000,000.00; 2021: EUR 300,000 thousand		



	31.12.2022 EUR	31.12.2021 EUR thousand
<b>Shareholders' Equity and Liabilities</b>		
2. Bank loans and overdrafts	1,263,401,228.92	1,316,366
thereof with residual maturity of up to one year EUR 40,149,313.60; 2021: EUR 71,129 thousand		
thereof with residual maturity of more than one year EUR 1,223,251,915.32; 2021: EUR 1,245,237 thousand		
3. Trade accounts payable	395,798,911.79	600,766
thereof with residual maturity of up to one year EUR 395,798,911.79; 2021: EUR 600,766 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2021: EUR 0 thousand		
4. Accounts payable to affiliated companies	825,316,307.06	1,054,485
thereof with residual maturity of up to one year EUR 825,316,307.06; 2021: EUR 1,054,485 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2021: EUR 0 thousand		
5. Accounts payable to associated companies	88,518,480.94	103,719
thereof with residual maturity of up to one year EUR 88,518,480.94; 2021: EUR 103,719 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2021: EUR 0 thousand		
6. Other liabilities	33,838,712.04	22,301
thereof taxes: EUR 2,548,368.13; 2021: EUR 2,261 thousand		
thereof social security: EUR 0.20; 2021: EUR 2 thousand		
thereof with residual maturity of up to one year EUR 33,838,712.04; 2021: EUR 22,301 thousand		
thereof with residual maturity of more than one year EUR 0.00; 2021: EUR 0 thousand		
	<b>2,906,873,640.75</b>	<b>3,397,637</b>
in total thereof with residual maturity of up to one year EUR 1,383,621,725.43; 2021: EUR 1,852,400 thousand		
in total thereof with residual maturity of more than one year EUR 1,523,251,915.32; 2021: EUR 1,545,237 thousand		
<b>Total equity and liabilities</b>	<b>16,558,012,514.85</b>	<b>9,443,570</b>



## Income Statement for the Year 2022

	31.12.2022 EUR	31.12.2021 EUR thousand
1. Sales	8,801,356,527.31	8,089,131
2. Increase or decrease in finished goods	86,777,279.89	300,495
3. Other operating income		
a) Other income	307,844,637.92	124,121
4. Cost of materials and purchased services		
a) Cost of materials	-5,941,185,814.63	-5,076,540
b) Cost of purchased services	-1,600,965,579.13	-1,320,886
	-7,542,151,393.76	-6,397,426
5. Personnel expenses		
a) Salaries	-52,838,484.04	-54,135
b) Social contributions	-10,155,939.24	-13,976
thereof pension fund contributions ("+" income / "-" expense) EUR +2,448,799.48; 2021: EUR -1,675 thousand		
aa) thereof expense for severance payments and corporate staff and self-employment fund contributions EUR 1,063,406.10; 2021: EUR 876 thousand		
bb) thereof expense for statutory social security and payroll related taxes and contributions EUR 8,857,998.58; 2021: EUR 9,280 thousand		
	-62,994,423.28	-68,111
6. Amortisation and depreciation of		
a) intangible and tangible assets	-3,924,080.85	-2,556
b) current assets, insofar as these exceed the usual depreciation in the corporation	-358,146.00	-40,600
	-4,282,226.85	-43,156
7. Other operating expenses		
a) Taxes, other than those reported in line item 17	-737.07	0
b) Other expenses	-717,597,621.06	-668,728
	-717,598,358.13	-668,728
<b>8. Subtotal of line 1 to 7</b>	<b>868,952,043.10</b>	<b>1,336,326</b>

	31.12.2022 EUR	31.12.2021 EUR thousand
9. Income from investments	514,222,118.75	2,021,652
thereof affiliated companies EUR 66,847,304.22; 2021: EUR 77,145 thousand		
10. Interest income from long-term loans	33,636,289.09	28,014
thereof affiliated companies EUR 0.00; 2021: EUR 169 thousand		
11. Gains on sale of financial assets and gains from reversal of impairment	7,286,074,251.19	0
12. Other interest and similar income	75,796,133.55	35,862
thereof affiliated companies EUR 35,330,662.18; 2021: EUR 24,958 thousand		
13. Expenses arising from financial assets	-33,354,340.16	-433,683
thereof affiliated companies EUR 32,973,905.00; 2021: EUR 433,595 thousand		
Depreciation EUR 33,354,340.16; 2021: EUR 433,595 thousand		
14. Interest and similar expenses	-291,893,085.13	-116,135
thereof affiliated companies EUR 7,002,267.41; 2021: EUR 3,644 thousand		
<b>15. Subtotal from line 9 to 14</b>	<b>7,584,481,367.29</b>	<b>1,535,710</b>
<b>16. Income before Tax (subtotal from line 8 and 15)</b>	<b>8,453,433,410.39</b>	<b>2,872,036</b>
17. Taxes on income	-177,833,225.23	-325,679
thereof income from deferred tax assets EUR 4,896,665.88; 2021: EUR 541 thousand		
<b>18. Income after Tax</b>	<b>8,275,600,185.16</b>	<b>2,546,357</b>
19. Net assets through demerger	703,048.00	0
<b>20. Net income for the year</b>	<b>8,276,303,233.16</b>	<b>2,546,357</b>
21. Profit carried forward from previous year	3,502,452,856.59	1,654,096
<b>22. Retained earnings</b>	<b>11,778,756,089.74</b>	<b>4,200,453</b>



# 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 as, 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. Where there were 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 where impairment is deemed to be permanent.

Financial assets are carried at cost. In the event of sustained and material impairment, a lower fair value is recognised. Fair value is calculated by 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 the event 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.

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 June 2022 of AFRAC<sup>1)</sup> "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 3.50% (2021: 1.00%). 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 2.60% (2021: 2.00%) 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.

1) AFRAC: Austrian Financial Reporting and Auditing Committee

Provisions for jubilee bonuses are calculated in accordance with IFRS <sup>2)</sup> (IAS <sup>3)</sup> 19) using a discount rate of 3.55% (2021: 1.05%). The discount rate is determined by reference to market rates on the balance sheet date. Additionally, a fluctuation deduction of 2.00% (2021: 2.00%) as well as an average wage and salary increase of 4.90% (2021: 3.50%) are used for the calculations.

The corporate law provision for severance payments was actuarially calculated according to Position Paper No. 27 of 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" (June 2022), according to the rules of IFRS (IAS 19) by using the present value method based on the mortality tables of the Actuarial Association of Austria (AVÖ 2018-P). The earliest date possible for retirement age according to Austrian social insurance legislation is adopted for the calculation. The discount rate (current market interest rate) is 3.50%. A fluctuation deduction of 2.00% and a future salary increase of 4.90% were taken into account.

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 where 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 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 acquisition cost or the fair value on the balance sheet date. Provisions for impending losses from outstanding transactions are measured following the impairment principle. Derivative financial instruments are accounted for according to the principle of individual valuation. Starting on 1 January 2011, due to the implementation of the new AFRAC position paper, 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 a foreign currency whose exchange rate is fully hedged with foreign exchange forwards are valued at the agreed forward exchange rate. In the case of effective hedge relationships of cash flow hedges, the 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.

2) International Financial Reporting Standards // 3) International Accounting Standards



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 2022	Additions	Disposals	Balance as of 31 December 2022
<b>Intangible assets</b>				
Rights and licences	91,534,136.84	1,773,361.14	-15,930,811.05	77,376,686.93
	<b>91,534,136.84</b>	<b>1,773,361.14</b>	<b>-15,930,811.05</b>	<b>77,376,686.93</b>
<b>Tangible assets</b>				
Office equipment	5,608,666.62	1,664,907.61	-3,330,279.19	3,943,295.04
Construction in progress	677,534.82	1,851,601.31	0.00	2,529,136.13
	<b>6,286,201.44</b>	<b>3,516,508.92</b>	<b>-3,330,279.19</b>	<b>6,472,431.17</b>
<b>Financial assets</b>				
Investments in affiliated companies	3,265,055,058.52	464,340,396.97	0.00	3,729,395,455.49
Loans to affiliated companies	135,036,240.53	0.00	-3,500,000.00	131,536,240.53
Investments in associated companies	416,126,152.33	1,000,000.00	-411,663,259.05	5,462,893.28
Loans to associated companies	1,002,967,971.96	211,072,777.96	-601,684,717.20	612,356,032.72
Securities	7,127,423.06	3,702,869.60	-4,058,602.65	6,771,690.01
	<b>4,826,312,846.40</b>	<b>680,116,044.53</b>	<b>-1,020,906,578.90</b>	<b>4,485,522,312.03</b>
<b>Total fixed assets</b>	<b>4,924,133,184.68</b>	<b>685,405,914.59</b>	<b>-1,040,167,669.14</b>	<b>4,569,371,430.13</b>



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 the factors of production thereby remain 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 2022	Additions	Disposals	Reversals	Balance as of 31 December 2022	Balance as of 31 December 2021	Balance as of 31 December 2022
-53,766,986.56	-2,686,614.05	12,889,149.00	0.00	-43,564,451.61	37,767,150.28	33,812,235.32
<b>-53,766,986.56</b>	<b>-2,686,614.05</b>	<b>12,889,149.00</b>	<b>0.00</b>	<b>-43,564,451.61</b>	<b>37,767,150.28</b>	<b>33,812,235.32</b>
-4,442,756.54	-1,237,466.80	2,808,553.08	0.00	-2,871,670.26	1,165,910.08	1,071,624.78
0.00	0.00	0.00	0.00	0.00	677,534.82	2,529,136.13
<b>-4,442,756.54</b>	<b>-1,237,466.80</b>	<b>2,808,553.08</b>	<b>0.00</b>	<b>-2,871,670.26</b>	<b>1,843,444.90</b>	<b>3,600,760.91</b>
-1,113,860,522.26	-32,973,905.00	0.00	98,972,000.00	-1,047,862,427.26	2,151,194,536.26	2,681,533,028.23
0.00	0.00	0.00	0.00	0.00	135,036,240.53	131,536,240.53
-1.00	0.00	0.00	0.00	-1.00	416,126,151.33	5,462,892.28
0.00	0.00	0.00	0.00	0.00	1,002,967,971.96	612,356,032.72
-139,045.85	-380,435.16	411,790.65	0.00	-107,690.36	6,988,377.21	6,663,999.65
<b>-1,113,999,569.11</b>	<b>-33,354,340.16</b>	<b>411,790.65</b>	<b>98,972,000.00</b>	<b>-1,047,970,118.62</b>	<b>3,712,313,277.29</b>	<b>3,437,552,193.41</b>
<b>-1,172,209,312.21</b>	<b>-37,278,421.01</b>	<b>16,109,492.73</b>	<b>98,972,000.00</b>	<b>-1,094,406,240.49</b>	<b>3,751,923,872.47</b>	<b>3,474,965,189.64</b>



### Intangible Assets

Intangible assets purchased from affiliated companies amount to acquisition costs of EUR 31,802,173.36 (2021: EUR 31,802 thousand). Amortisation/Depreciation is calculated on a straight-line basis over expected useful lives of three to nineteen years.

In the 2022 financial year, no impairment losses on intangible assets have been recognised (2021: 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:

Investments in affiliated companies	Country	City	Investment in %	Proportional equity IFRS EUR thousand	Proportional net profit IFRS EUR thousand
Borealis Agrolinz Melamine Deutschland GmbH	Germany	Wittenberg	100.00	33,561	6,079
Borealis Argentina SRL	Argentina	Buenos Aires	98.00	14	-12
BOREALIS ASIA LIMITED	Hong Kong	Hong Kong	100.00	679	32
Borealis Brasil S.A.	Brazil	Itatiba	80.00	35,593	9,062
BOREALIS CHEMICALS ZA (PTY) LTD	South Africa	Germiston	100.00	111	16
Borealis Chile SpA	Chile	Santiago	100.00	52	21
Borealis Chimie S.A.R.L.	Morocco	Casablanca	100.00	269	35
Borealis Circular Solutions Holding GmbH	Austria	Vienna	100.00	24,869	-157
Borealis Colombia S.A.S.	Colombia	Bogota	100.00	75	16
Borealis Denmark ApS	Denmark	Copenhagen	100.00	107	23
Borealis Digital Studio B.V.	Belgium	Zaventem	90.00	681	264
Borealis Financial Services N.V.	Belgium	Mechelen	100.00	188,733	2,608
Borealis France S.A.S.	France	Courbevoie	100.00	415,395	15,679
Borealis Insurance A/S (captive insurance company)	Denmark	Copenhagen	100.00	90,201	1,826
BOREALIS ITALIA S.p.A.	Italy	Monza	100.00	17,870	1,317
Borealis L.A.T Italia s.r.l.	Italy	Milan	100.00	93	8
Borealis México, S.A. de C.V.	Mexico	Mexico City	100.00	604	-62
Borealis Plásticos, S.A. de C.V.	Mexico	Mexico City	100.00	30	-3
Borealis Plastik ve Kimyasal Maddeler Ticaret Limited Sirketi	Turkey	Istanbul	100.00	292	254
Borealis Plastomers B.V.	The Netherlands	Geleen	100.00	37,416	4,358



Investments in affiliated companies	Country	City	Investment in %	Proportional equity IFRS EUR thousand	Proportional net profit IFRS EUR thousand
Borealis Poliolefinas da América do Sul Ltda.	Brazil	Itatiba	100.00	2,832	1,168
Borealis Polyolefins d.o.o.	Croatia	Zagreb	100.00	27	0
Borealis Polyolefins S.R.L.	Romania	Bucharest	100.00	25	0
Borealis Polyolefins s.r.o.	Slovakia	Bratislava	100.00	5	0
Borealis Polska Sp. z o.o.	Poland	Warsaw	100.00	324	132
Borealis Polymere GmbH	Germany	Burghausen	100.00	89,952	13,458
Borealis Polymers N.V.	Belgium	Beringen	100.00	269,825	7,851
Borealis Polymers Oy	Finland	Porvoo	100.00	374,470	9,944
Borealis Química España S.A.	Spain	Barcelona	100.00	596	139
Borealis RUS LLC	Russia	Moscow	100.00	1,024	60
Borealis s.r.o.	Czech Republic	Prague	100.00	175	34
Borealis Sverige AB	Sweden	Stenungsund	100.00	269,702	-3
Borealis Technology Oy	Finland	Porvoo	100.00	30	1
BOREALIS UK LTD	UK	Manchester	100.00	2,749	1,482
Borealis USA Inc.	US	Port Murray	100.00	606,737	178
DYM SOLUTION CO., LTD	South Korea	Cheonan	99.75	39,375	6,240
Feboran EOOD	Bulgaria	Sofia	100.00	33,486	11,193
mtm compact GmbH	Germany	Niedergebra	100.00	1,064	-221
mtm plastics GmbH	Germany	Niedergebra	100.00	5,515	1,614
Rosier S.A.	Belgium	Moustier	98.09	26,476	-4,157

Investments in affiliated companies	Country	City	Investment in %	Proportional preliminary equity local GAAP EUR thousand	Proportional preliminary net profit local GAAP EUR thousand
Borealis Agrolinz Melamine GmbH	Austria	Linz	100.00	89,289	-3,048
Borealis Circular Solutions Holding GmbH	Austria	Vienna	100.00	24,869	-157
Borealis L.A.T GmbH	Austria	Linz	100.00	275,214	176,468
Borealis Middle East Holding GmbH	Austria	Vienna	100.00	514,897	106,461
Borealis Polyolefine GmbH	Austria	Schwechat	100.00	143,986	12,359
Ecoplast Kunststoffrecycling GmbH	Austria	Wildon	100.00	1,852	-1,249



Investments in associated companies	Country	City	Investment in %	Proportional equity IFRS EUR thousand	Proportional net profit IFRS EUR thousand
C2PAT GmbH	Austria	Vienna	25.00	10	1
C2PAT GmbH & Co KG	Austria	Vienna	25.00	996	-197
Kilpilahden Voimalaitos Oy	Finland	Porvoo	20.00	-756	-1.199
Recelerate GmbH	Germany	Herborn	50.00	1.000	0

Loans to affiliated companies totalling EUR 131,536,240.53 (2021: EUR 135,036 thousand) will mature within one year, in the amount of EUR 4,000,000.00 (2021: EUR 7,500 thousand), and in more than five years, in the amount of EUR 127,536,240.53 (2021: EUR 127,536 thousand).

Securities serve to fulfil coverage requirements for pension provisions. In the financial year, an impairment loss of EUR 380,435.16 (2021: impairment loss EUR 62 thousand) and purchases in the amount of EUR 0.00

(2021: EUR 475 thousand) were recognised for securities. In the reporting period a securities exchange was carried out due to a fund merger. The book value at the time of the securities exchange was EUR 3,646,812.00.

Loans to associated companies totalling EUR 612,356,032.72 (2021: EUR 1,002,968 thousand) will mature within one year, in the amount of EUR 0.00 (2021: EUR 0 thousand), and in more than five years, in the amount of EUR 591,883,148.47 (2021: EUR 985,190 thousand). Loans to Bayport Polymers LLC, USA, total EUR 591,883,148.47 (2021: EUR 985,190 thousand).

## 2. Inventories

	2022 EUR	2021 EUR thousand
Raw materials and supplies	427,559,485.76	284,831
Finished goods and merchandise	877,921,884.37	791,145
<b>Total</b>	<b>1,305,481,370.13</b>	<b>1,075,976</b>

## 3. Receivables and Other Assets

Trade receivables comprise purchased CO<sub>2</sub> emission allowances amounting to EUR 164,801,650.04 (2021: EUR 240,218 thousand) and are stated at acquisition cost.

Receivables from affiliated companies totalling EUR 8,678,744,571.13 (2021: EUR 1,826,336 thousand) are broken down into trade receivables of EUR 59,784,051.97 (2021: EUR 38,866 thousand) and other receivables of

EUR 8,618,960,519.16 (2021: EUR 1,787,470 thousand). Most of the other receivables from affiliated companies are from Borealis Middle East Holding GmbH in the amount of EUR 6,743,374,901.57 coming from the sale of Borouge Pte. Ltd. and Abu Dhabi Polymers Company Limited.

Receivables from associated companies of EUR 187,457,349.07 (2021: EUR 144,151 thousand) are exclusively trade receivables.

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

Borealis AG has a factoring programme under which the Company sells certain trade receivables to external parties. The Company does not retain any major interest in the trade receivables and thus derecognises the receivables sold accordingly. Borealis AG continues to administer the relationship with debtors and has to transfer all receivables collected and previously sold to the purchaser under this programme. Several reserves are deducted from the

nominal value of the sold receivables and will be released upon transfer of the respective collected receivables to the purchaser. As of 31 December 2022, receivables worth EUR 363,959,609.14 (2021: EUR 378,725 thousand) were sold to the purchaser under the factoring programme.

#### 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 2022	1,211	5,087	0	4,493	10,791
Recognised through profit and loss in 2022	-252	-3,008	0	-1,636	-4,897
<b>Deferred tax assets as of 31 December 2022</b>	<b>959</b>	<b>2,079</b>	<b>0</b>	<b>2,857</b>	<b>5,895</b>

A tax rate of 23% was used to measure the temporary differences as these will be almost exclusively reversed in 2024 and later. Deferred tax assets solely comprise deductible temporary differences. Deferred taxes include long-term temporary differences totalling EUR 14,015,015.97 (2021: EUR 21,353 thousand).

### Shareholders' Equity and Liabilities

#### 1. Shareholders' Equity

##### Nominal and Paid-Up share capital

The share capital of Borealis AG amounts to EUR 300,000.00 and consists of 300,000 bearer shares as at 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 on 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 the unappropriated capital reserves.

Furthermore, due to an agreement on 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 the appropriated capital reserves.

##### Retained Earnings

Borealis AG intends to pay a dividend of EUR 1,054,000,000.00 (2021: EUR 698,000 thousand) and to carry forward the remaining balance.



## 2. Other Provisions

	2022 EUR	2021 EUR thousand
Provisions for outstanding invoices	86,913,008.27	60,596
Provisions for customer rebates and bonuses	47,915,941.96	52,175
Provisions for long-term incentive plan	12,267,625.66	6,068
Provisions for impending losses from uncompleted transactions	9,991,765.21	11,010
Provisions for accrued interest	7,008,500.31	5,873
Provisions for not consumed vacation	4,982,959.00	4,233
Provisions for employee bonuses	4,782,131.23	9,214
Provisions for jubilee bonuses	2,093,370.00	2,003
Provisions for social fund	1,895,000.00	136
Other provisions	35,898,815.86	29,184
<b>Total</b>	<b>213,749,117.50</b>	<b>180,492</b>

## 3. Liabilities

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

EUR	2022	
	Carrying value as of 31.12.2022	Thereof maturity > five years
Bonds	300,000,000.00	0.00
Bank loans and overdrafts	1,263,401,228.92	361,065,550.88
Trade accounts payable	395,798,911.79	0.00
Accounts payable to affiliated companies	825,316,307.06	0.00
Accounts payable to associated companies	88,518,480.94	0.00
Other liabilities	33,838,712.04	0.00
<b>Total</b>	<b>2,906,873,640.75</b>	<b>361,065,550.88</b>



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
<b>Total</b>	<b>3,397,636,881.48</b>	<b>472,356,337.66</b>

Accounts payable to affiliated companies totalling EUR 825,316,307.06 (2021: EUR 1,054,485 thousand) consist of financial payables of EUR 474,232,141.55 (2021: EUR 489,807 thousand) and trade payables of EUR 351,084,165.51 (2021: EUR 564,678 thousand).

Accounts payable to associated companies amounting to EUR 88,518,480.94 (2021: EUR 103,719 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.

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

EUR thousand	2022	
	Expenses for the next financial year	Expenses for the next five financial years
Obligations from lease agreements	36,919	121,789
Obligations from rental agreements	2,594	1,695
<b>Total</b>	<b>39,514</b>	<b>123,484</b>



## 5. 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	2022					
	Nominal value		Fair value EUR thousand		Carrying value EUR thousand	Balance sheet item
		Unit	Positive	Negative		
<b>Forward exchange forwards</b>	279,300 1,706,000	USD thousand SEK thousand	7,405 0	-197 -3,827	– –	
thereof valuation unit with hedged transaction	279,300 1,706,000	USD thousand SEK thousand	7,405 0	-197 -3,827	– –	
<b>Interest rate swaps</b>	0 110,000	EUR thousand USD thousand	0 5,941	0 0	– –	
thereof valuation unit with hedged transaction	0 110,000	EUR thousand USD thousand	0 5,941	0 0	– –	
<b>Forward exchange contracts</b>	0 5,000,000	GBP thousand JPY thousand	0 0	0 -8,834	-8,834 –	Other provisions
thereof valuation unit with hedged transaction	0 0	GBP thousand JPY thousand	0 0	0 0	– –	
<b>Commodity derivatives</b>	1,119,721 4,042	tonnes GWh	25,137 315,809	-19,642 -5,856	-1,158	Other provisions
thereof valuation unit with hedged transaction		tonnes GWh	25,137 315,809	-18,484 -5,856	– –	

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

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 the event 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 9,992 thousand (2021: EUR 11,010 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 2023 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 three months and for hedging the price of energy and gas maturing at an average of 24 months. Commodity derivatives mature no later than 2025.

Provisions for impending losses are accrued for foreign exchange forwards and commodity derivatives, respectively, in the event that 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, which 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. Where 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.

The 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 2022.

#### 6. Contingent Liabilities

Borealis AG assumed guarantees amounting to EUR 3,030,789.44 (2021: EUR 3,182 thousand) for external loans and liabilities to affiliated companies. In addition, Borealis AG provides two parental guarantees, which are treated as contingent liabilities, in the amount of EUR 624,976,561.04 to Baystar.

### 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 2022			
	Polyolefins	Base Chemicals	Other	Total
EU countries	4,802,846	1,299,666	347,079	6,449,591
Non-EU countries	753,316	416,110	0	1,169,426
Total Europe	5,556,162	1,715,776	347,079	7,619,018
North America	170,652	31,645	14,872	217,168
South America	163,970	0	0	163,970
Middle East (excl. UAE)	32,690	0	112,037	144,727
United Arab Emirates	31,969	0	1,593	33,562
Asia	413,245	6,436	0	419,681
Australia, New Zealand	2,232	4	0	2,235
Africa	200,995	0	0	200,995
<b>Total</b>	<b>6,571,915</b>	<b>1,753,860</b>	<b>475,582</b>	<b>8,801,356</b>

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
<b>Total</b>	<b>6,340,435</b>	<b>1,400,944</b>	<b>347,752</b>	<b>8,089,131</b>

## B. Other Operating Income

In the 2022 financial year, the other operating income contains insurance compensations for the business interruption at Borealis Polyolefine GmbH EUR 4,029,399.00 (2021: EUR 22,054 thousand at Borealis AB, Sweden). Furthermore, the partial write-off of the receivable of Rosier S.A. from 2021 in the amount of EUR 40,600 thousand was reversed in 2022. See also section F. Financial Result in the notes. EUR 254,769,284.90 (2021: EUR 60,462 thousand) derives from foreign currency translation.

## C. Personnel Expenses

In the 2022 financial year, the average number of employees was 302 (2021: 273). Exclusively white-collar workers are employed.

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

	2022 EUR	2021 EUR thousand
Executive Board	580,487.19	594
Managerial employees	1,013,464.76	1,222
Other employees	1,450,913.08	1,255
<b>Total</b>	<b>3,044,865.03</b>	<b>3,071</b>



Voluntary severance payments amounted to EUR 80,849.09 (2021: EUR 206 thousand) and are broken down as follows:

	2022 EUR	2021 EUR thousand
Executive Board	0,00	0
Managerial employees	0,00	206
Other employees	80,849.09	0
<b>Total</b>	<b>80,849.09</b>	<b>206</b>

#### D. Other Operating Expenses

	2022 EUR	2021 EUR thousand
Freight	369,455,342.66	266,315
Research and development costs	58,618,441.29	56,894
Consulting services	47,862,358.44	35,418
Derivatives	37,965,642.77	125,408
Storage	29,710,140.34	24,390
Insurance	24,795,664.60	20,266
Royalties	16,665,533.76	54,362
Commission	12,790,817.81	12,167
Rents	4,284,634.49	14,951
Trainings, seminars	2,596,855.83	1,596
Travel expenses	2,114,503.82	726
Sundry	110,737,685.25	56,235
<b>Total</b>	<b>717,597,621.06</b>	<b>668,728</b>

#### E. Audit Expenses

	2022 EUR	2021 EUR thousand
Audits of statutory national and consolidated financial statements	415,203.00	351
Other assurance services	440,596.00	249
Other services	0.00	0
<b>Total</b>	<b>855,799.00</b>	<b>600</b>



## F. Financial Result

The financial result is broken down as follows:

	2022 EUR	2021 EUR thousand
<b>Income from investments</b>		
Abu Dhabi Polymers Company Limited, UAE	411,396,902.89	1,875,581
Borealis Polyolefine GmbH, Austria	43,999,931.65	17,000
Borouge Pte. Ltd., Singapore	35,977,911.64	68,925
Borealis Agrolinz Melamine GmbH, Austria	17,499,965.00	31,950
Borealis Brasil S.A., Brasil	3,893,851.18	181
BOREALIS ITALIA S.p.A., Italy	550,000.00	1,650
Borealis Polymers Oy, Finland	528,280.98	15,905
Borealis Plastik ve Kimyasal Maddeler Ticaret Limited Şirketi, Turkey	250,237.74	392
Borealis Colombia S.A.S., Colombia	47,045.05	0
Borealis Chile SpA, Chile	44,903.00	35
Borealis s.r.o., Czech Republic	33,089.62	31
Borealis Polymere GmbH, Germany	0	10,000
	514,222,118.75	2,021,652
<b>Interest income from long-term loans</b>		
Novealis Holdings LLC, US	32,316,605.44	26,538
Kilpilahden Voimalaitos Oy, Finland	1,294,470.51	1,131
Borealis Polyolefine GmbH, Austria	25,213.14	169
Other	0.00	176
	33,636,289.09	28,014



	2022 EUR	2021 EUR thousand
<b>Other interest and similar income</b>		
Interest income from intercompany financing	35,707,173.68	24,958
Interest and other income from interest rate swaps	24,645,026.15	9,317
Other	15,443,933.72	1,587
	75,796,133.55	35,862
<b>Gains on sale of financial assets and gains from reversal of impairment</b>		
Gain on sale of shares in Abu Dhabi Polymers Company Limited und Borouge Pte. Ltd.	7,187,102,251.19	0
Gain from reversal of impairment of Borealis L.A.T GmbH	98,972,000.00	0
	7,286,074,251.19	0
<b>Expenses arising from financial assets</b>		
Impairment of Rosier S.A., Moustier, Belgium	32,973,905.00	38,662
Impairment of securities held as fixed assets	380,435.16	62
Impairment of Borealis France S.A.S., Courbevoie, France	0.00	394,933
Other	0.00	26
	33,354,340.16	433,683
<b>Interest and similar expenses</b>		
Result from foreign exchange translations	222,243,321.26	41,306
Interest charged by banks	31,699,254.50	30,810
Interest and similar expenses arising from interest rate swaps and FX-hedges	25,689,941.74	31,190
Interest expenses in the context of forfaiting	4,076,565.61	3,142
Interest expenses from intercompany financing	2,957,440.52	2,526
Other	5,226,561.50	7,160
	291,893,085.13	116,135
<b>Financial Result</b>	<b>7,584,481,367.29</b>	<b>1,535,710</b>

In the financial year 2022, Borealis AG sold all shares in the companies Abu Dhabi Polymers Company Limited and Borouge Pte. Ltd. to Borealis Middle East Holding GmbH, which resulted in income of EUR 7,187,102,251.19. The investment in Rosier S.A. was written off in full as of 31 December 2021. The partial write-off of the receivable of Rosier S.A. from 2021 in the amount of EUR 40,600 thousand was reversed in 2022. The reversal is included in other operating income. Furthermore, an additional receivable in the amount of EUR 5,000 thousand was issued. Thus, the outstanding receivable from Rosier S.A. amounted to EUR 55,000 thousand. In the course of a capital increase, the receivable in the amount of EUR 55,000 thousand was transferred to Rosier S.A. and, therefore, the interest in Rosier S.A. has increased by EUR 55,000 thousand. Due to the sale of the shares in Rosier S.A. on 2 January 2023, the investment in Rosier S.A. was devalued on 31 December 2022 as the purchase price was already available within the preparation period of the financial statements 2022. The required write-off of Rosier S.A. amounted to EUR 32,973,905.00 as of 31 December 2022.

In June 2022, a binding offer was received from AGROFERT, a.s., Czech Republic for the Borealis nitrogen business ("NITRO") including the investment in Borealis L.A.T GmbH and subsequently accepted in July 2022. Based on the fair value, Borealis AG has reversed an impairment in the amount of EUR 98,972,000.00 as of 31 December 2022.

## G. Taxes on Income

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 the event of a negative tax result, the parent company does not have to pay any tax compensations. Negative tax results 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

The sale of Borealis' shares in Rosier S.A. to YILDIRIM Group's YILFERT BENELUX B.V. was completed on 2 January 2023. Following the completion of the sale, Borealis no longer holds any shares in Rosier S.A.

Borouge 4 LLC as the borrower and Borealis AG as lender entered into a shareholder loan agreement (SHL) on 3 February 2023 in the amount of USD 1,068 million to part finance the Borouge 4 capex requirements of Borouge 4 LLC. The SHL is structured as a facility with a five-year tenor. Borealis retains the right to accelerate the prepayment of the outstanding amounts at the point of reintegration. Drawdowns under the SHL facility in the amount of USD 60 million have been made by Borouge 4 LLC on 7 February 2023.



#### IV. Other Information

The total remuneration received by Executive Board members amounted to EUR 6,461 thousand (2021: EUR 8,168 thousand):

- Active Board members: EUR 6,196 thousand (2021: EUR 4,368 thousand)
- Former Board members: EUR 265 thousand (2021: EUR 3,799 thousand)

along with additional payments into pension funds amounting to EUR 486 thousand (2021: EUR 469 thousand).

Active members of the Supervisory Board received remuneration totalling EUR 856 thousand (2021: 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 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

Thomas Gangl (Chairman), Mark Tonkens, Wolfram Krenn, Philippe Roodhooft, Lucrèce De Ridder

#### Supervisory Board

Alfred Stern (Chairman), Musabbeh Al Kaabi (Vice Chairman until 9 February 2022), Saeed Al Mazrouei (Vice Chairman from 10 February 2022 to 8 November 2022), Khaled Salmeen (Vice Chairman since 10 November 2022), Reinhard Florey, Martijn Arjen van Koten, Alvin Teh (Member from 10 February 2022 to 8 November 2022), Khaled Al Zaabi (Member since 10 November 2022)



Vienna, 22 February 2023

**Executive Board:**

**Thomas Gangl m.p.**  
Chief Executive Officer

**Mark Tonkens m.p.**  
Chief Financial Officer

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

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

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



## Statement of the Executive Board according to Section 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, 22 February 2023

**Executive Board:**

**Thomas Gangl m.p.**  
Chief Executive Officer

**Mark Tonkens m.p.**  
Chief Financial Officer

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

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

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



## Notes

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## IMPRINT

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](http://www.borealisgroup.com).

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