
Borealis

Interim Consolidated

Financial Statements

as of 30 June 2021



Keep Discovering

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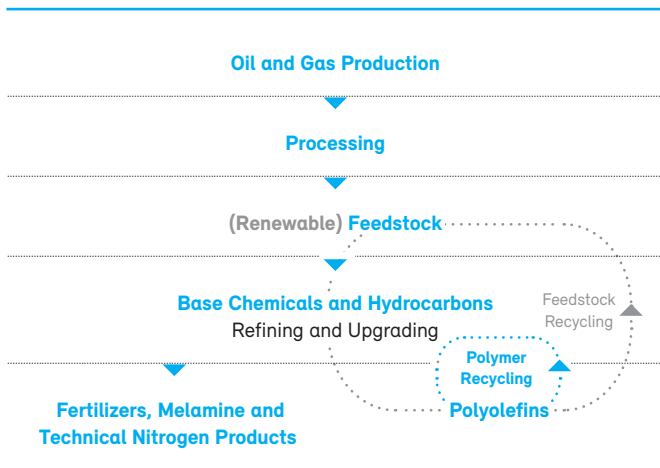
About Borealis

Our Business

Borealis is one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers and the mechanical recycling of plastics. We leverage our polymers expertise and decades of experience to offer value-adding, innovative and circular material solutions for key industries. In re-inventing for more sustainable living, we build on our commitment to safety, our people and excellence as we accelerate the transformation to a circular economy and expand our geographical footprint.

With head offices in Vienna, Austria, Borealis employs 6,900 employees and operates in over 120 countries. In 2020, Borealis generated EUR 6.8 billion in sales revenue and a net profit of EUR 589 million. OMV, the Austria-based international oil and gas company, owns 75% of Borealis, while the remaining 25% is owned by a holding company of the Abu-Dhabi based Mubadala. We supply services and products to customers around the globe through Borealis and two important joint ventures: Borouge (with the Abu Dhabi National Oil Company, or ADNOC, based in UAE) and Baystar™ (with TotalEnergies, based in the US).

Fig. 1: Chemical production flow



Industry Segments

Borealis clusters its businesses in three business areas: Polyolefins, Base Chemicals and Fertilizers, Melamine & Technical Nitrogen Products.

Polyolefins

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

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

Advanced polyolefins (PO) 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 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), PP-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

Fig. 2: Industries served by Borealis' polyolefins applications



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



packaging offer excellent recyclability, especially when compared to conventional alternatives. Furthermore, HMS PP foam also offers weight reduction, heat stability (for microwavable 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 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 reinvent 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 PO 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, but 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. What is more, 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).

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

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

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

Health Care

Borealis offers reliable solutions that add value to 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 all 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 polyethylene (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 to feed livestock must be produced. Biofuels also generate demand for increased yields. Because space for agricultural expansion is limited, yields must be optimised. At the same time, in many nations there is a heightened awareness of the need to promote fertilizers with low carbon footprints, maintain healthy soil environments and reduce run-off from fields.

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

Melamine

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

Technical Nitrogen Products

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

AdBlue®

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

Ammonia

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

Urea

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

Our Group Strategy 2035

Life demands progress – we are re-inventing for more sustainable living

Geographical expansion

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

– North America

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

– MEA

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

Transformation

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

– Circular Economy

Lead the transformation to a truly circular economy across all applications

– Value Add

Acquire adjacencies to complement and accelerate value creation through innovation

Leading from the core

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

– Sustainability

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

– People

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

– Excellence

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

Our Values

Responsible

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



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

Respect

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



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

Exceed

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



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

Nimblivity™

... 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 on all levels of the organisation to increase ownership and speed to realisation.
- We welcome change and manage it to shape our future.

Financial Statements

Management Report – Half Year Report 2021

We draw attention to the fact that comparatives have been restated, for details see the Restatement section in the notes to the interim consolidated financial statements. All amounts in the management report are not considering the reclassification of the discontinued operation and related balances held for sale.

During the first six months of 2021, the Total Recordable Injury Rate per million working hours (TRIR¹⁾) stood at 2.6. This is an improvement of 0.7 versus 3.4 in the same period in 2020. As in previous years, Borealis continues to strive for zero accidents or incidents. The Borealis leadership team maintains its efforts on improving the safety focus among its employees and contractors.

Safety continues to be the Company's number one priority. Borealis remains vigilant in its efforts to prevent coronavirus infections, particularly in light of the rapid global spread of the most recent Delta variant. From January to June 2021, measures enacted in 2020 to protect employees, contractors and business partners were maintained and optimised where necessary. These included physical distancing, the use of personal protective equipment and protective barriers, increased cleaning frequency and stringent hygiene. To ensure a safe work environment, those employees who were able to work from home continued to do so in the first six months of the year.

Following its unprecedented 2020 slump as a consequence of the global COVID-19 pandemic, the oil price strongly recovered in the first half of 2021. As countries around the world began lifting Covid-related restrictions, the subsequent economic recovery drove demand, supporting an increase of the oil price from 55 USD/bbl in January to 73 USD/bbl by June 2021. This June price level is comparable to year-end 2019, shortly before the global COVID-19 outbreak. Naphtha has developed in a similar vein as the oil price, increasing from 500 USD/t in January 2021 to 634 USD/t in June 2021. Ethylene and propylene contract prices have also been positively affected by rebounding markets, with ethylene rising from 860 EUR/t in January to 1,080 EUR/t in June, and propylene from 800 EUR/t to 1,065 EUR/t.

Even before the first signs of post-pandemic economic recovery surfaced earlier this year, robust market demand for Borealis polyolefins started, particularly in the energy, healthcare and automotive sectors. In the first half of 2021, Borealis Polyolefins sales volumes reached 2.0 million tonnes, 5% higher than in the same period in 2020, thanks mostly to the strong market environment in Europe.

Within the NITRO segment, Fertilizers sales volumes were 2.0 million tonnes in the first half of 2021, 13% lower than in the same period in 2020, as very strong demand in the fourth quarter of 2020 resulted in reduced buyer interest at the beginning of the current year. NITRO's melamine sales volumes increased from 65 kt in the first half year 2020 to 76 kt in the first half year 2021 due to a recovering market environment.

In the first six months of 2021, Borealis achieved an operating profit of EUR 723 million. This compares to EUR 104 million in the first six months of 2020. The improvement was driven by both strong demand for Borealis products as well as an exceptionally high integrated polyolefins market environment which propelled integrated industry margins to previously unseen levels. Long order book and fixed price deliveries for 2021, in tandem with operational issues at the end of 2020, prevented the Borealis Fertilizers business from capitalising on the healthy market environment in the first half of this year.

Borouge's net profit contribution to Borealis in the first six months of 2021 was higher than in the previous year. The increase was driven by a favourable market price development.

As a consequence of the higher operating result and the increased contribution from joint ventures, the Borealis net profit was EUR 821 million for the first six months of 2021, an increase of EUR 606 million versus the first half of 2020.

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

Cash flow from operations for the first six months of 2021 was EUR 464 million, EUR 134 million below the same period in 2020, as the strong business performance has been partially offset by a negative working capital development due to the higher price environment. In the same period of the previous year, Borealis received a EUR 54 million refund in income tax following the 2019 resolution of the tax dispute with regard to two Finnish subsidiaries of Borealis AG.

Overall, investments in tangible and intangible assets reached EUR 292 million in the first half of 2021, a level comparable to the EUR 312 million in 2020. In the first half year of 2021 Borealis has paid a EUR 150 million dividend to its shareholders in relation to the performance in 2020. Borealis net debt decreased by EUR 106 million from January to June 2021.

The Borealis financial position has improved, with a gearing of 24% at the end of June 2021. This represents a decrease of 5 percentage points since December 2020. Borealis remains well below the target gearing range of 35%–65%. The solvency ratio was 62% at the end of June 2021 compared to 59% at the end of 2020. Liquidity reserves, composed of undrawn, long-term committed credit facilities and cash balances, amounted to EUR 1,316 million at the end of June 2021, compared to EUR 1,142 million at year-end 2020.

At the end of June 2021, the total assets and capital employed stood at EUR 11,513 million and EUR 9,238 million, respectively, compared to EUR 10,583 million and EUR 8,360 million at year-end 2020. Total equity increased by EUR 862 million to EUR 7,288 million in the first six months of 2021, mainly as a result of the strong business performance in the first six months of 2021, yet was partially offset by the dividend paid to shareholders.

Significant changes to the Borealis Executive Board occurred in the first six months of the year. As of 1 April 2021, Thomas Gangl succeeded Alfred Stern as Borealis CEO; Alfred Stern was appointed OMV Executive Board Member for Chemicals & Materials effective April 2021 and has also been appointed to the Borealis Supervisory Board effective April 2021. The position of Borealis Executive Vice President Base Chemicals and Operations was filled in July by Wolfram Krenn; his predecessor, Martijn van Koten, joined the OMV Executive Board as of July 2021.

In February, Borealis announced it had started the divestment process of its nitrogen business unit, including fertilizers, technical nitrogen and melamine products. This has resulted in the “held for sale” classification for these assets. The Company’s share in the Rosier fertilizer production sites in Belgium and the Netherlands is presently not considered in the sales process.

Even though each of Borealis’ global growth projects has experienced Covid-related delays, substantial progress on these major endeavours has been made: the world-scale propane dehydrogenation plant in Kallo (Belgium); the Borouge complex expansion project in Abu Dhabi (UAE); and the new Borstar® polyethylene unit and steam cracker in Texas (US) as part of the Baystar™ joint venture with Total Petrochemicals & Refining USA, Inc.

In addition to ongoing efforts and investment in mechanical recycling, innovative projects in the area of chemical recycling have been initiated in the first six months of the year. Complementing its ongoing ReOil chemical recycling pilot project with OMV, in June Borealis announced a major offtake agreement with Renasci Oostende Recycling NV, Belgium, a high-tech recycling centre, to purchase around 20 kilotons/year of chemically recycled feedstock. In April, Borealis and project partner Stena Recycling received a grant for a feasibility study to explore how the supply of chemically recycled feedstock can be increased in order to serve as replacement materials for conventional fossil fuel-based feedstock. Chemically recycled feedstock will be used to manufacture Borcycle™ C circular polyolefins and circular base chemicals at various Borealis locations.

Borealis has set itself ambitious energy and climate targets it must meet in order to achieve climate neutrality by 2050 at the very latest. Significant progress was made in the first half of 2021 towards reaching these goals. In February, Borealis signed a ten-year power purchase agreement (PPA) with a Finnish energy company to source electricity from an onshore windfarm to power its operations in Stenungsund, Sweden. This PPA is the fourth and largest yet for Borealis. In the same month, Borealis also announced that it would invest EUR 17.6 million in a regenerative thermal oxidizer for its polyolefins plants in Porvoo, Finland, with annual projected energy savings of approximately 60 gigawatt hours. As of June, a new photovoltaic array using the proprietary Quentys™ technology is now being installed at the Borealis production site in Monza, Italy, and is to be only the first of several used to power own production operations in coming years in various countries. Finally, the revolutionary Q-pinch technology for heat recovery is now being tested at the Borealis low-density polyethylene production site in Antwerp, Belgium. This open-innovation collaboration will enable Borealis to take major strides in its efforts to lower CO₂ emissions while at the same time increasing production efficiency and maintaining cost competitiveness.

The Borealis Executive Board and its senior management are very proud of the outstanding result posted in the first six months of 2021. The polyolefin market showed very strong performance in the first half, but prices are expected to gradually come down, with supply beginning to normalise after maintenance shutdowns and the easing of logistics constraints. With expectations of a typical summer slowdown in demand, a softening is assumed in the third quarter. Nevertheless, margins are anticipated to stay substantially above the level of 2020 for the remainder of 2021. Borealis is well positioned to deal with market-related and other challenges, and is sure to maintain its status as a reliable and trusted partner for its customers and the entire value chain.

Vienna, 19 August 2021

Executive Board:

Thomas Gangl m.p.
Chief Executive

Mark Tonkens m.p.
Chief Financial Officer

Wolfram Krenn m.p.

Philippe Roodhooft m.p.

Lucrèce De Ridder m.p.

Interim Consolidated Financial Statements

Interim Consolidated Income Statement

EUR thousand	2021	2020	Note
For the six months ended 30 June	unaudited	restated ²⁾	
Net sales ¹⁾	4,034,809	2,969,176	1, 2
Production costs ¹⁾	-2,965,815	-2,541,278	
Gross profit ¹⁾	1,068,994	427,898	
Sales and distribution costs	-281,757	-275,676	
Administration costs	-107,546	-106,089	
R&D costs ¹⁾	-6,835	-8,323	
Other income ¹⁾	22,193	16,765	12
Operating profit ¹⁾	695,049	54,575	
Net results of associated companies and joint ventures	289,030	134,423	
Financial income	20,090	33,354	
Financial expenses ¹⁾	-18,219	-32,869	
Profit before taxation	985,950	189,483	
Taxes on income	-181,881	-11,629	
Net profit for the period from continuing operations	804,069	177,854	
Discontinued operation			
Profit from discontinued operation, net of tax	16,947	37,306	4
Net profit for the period	821,016	215,160	
Attributable to:			
Non-controlling interests	-150	-148	
Equity holders of the parent	821,166	215,308	

1) 2020 amounts for line items marked with footnote ¹⁾ have been restated. For further details, please refer to the Restatement section. // 2) Comparative information has also been re-presented due to a discontinued operation (see note 4. Discontinued Operation).

Interim Consolidated Statement of Comprehensive Income

EUR thousand	2021	2020
For the six months ended 30 June	unaudited	unaudited
Net profit for the period	821,016	215,160
Items that may be reclassified subsequently to the income statement		
Net gain/loss on translation of financial statements of foreign operations	113,282	-18,534
Reclassifications to the income statement during the period	0	-17,094
Tax effect recognised in other comprehensive income	0	0
Net gain/loss on long-term loans to foreign operations	-756	-124
Reclassifications to the income statement during the period	0	0
Tax effect recognised in other comprehensive income	189	31
Net gain/loss on loans to hedge investments in foreign operations	-5,732	140
Reclassifications to the income statement during the period	0	0
Tax effect recognised in other comprehensive income	1,433	-35
Fair value adjustments of cash flow hedges	62,836	-67,782
Reclassifications to the income statement during the period	-15,949	27,574
Tax effect recognised in other comprehensive income	-11,722	10,052
Share of other comprehensive income of associates accounted for using the equity method	-368	0
Items that will not be reclassified to the income statement		
Actuarial gains and losses	23,288	-425
Tax effect recognised in other comprehensive income	-5,118	73
Share of other comprehensive income of associates accounted for using the equity method	-194	0
Net income/expense recognised in other comprehensive income	161,189	-66,124
Total comprehensive income	982,205	149,036
Attributable to:		
Non-controlling interests	283	-2,040
Equity holders of the parent	981,922	151,076

Interim Consolidated Balance Sheet

EUR thousand	30.6.2021	31.12.2020	Note
	unaudited	restated	
Assets			
Non-current assets			
Intangible assets	472,656	554,424	3
Property, plant and equipment			3
Production plants ¹⁾	1,941,675	2,517,800	
Machinery and equipment ¹⁾	30,352	34,417	
Construction in progress ¹⁾	773,935	689,084	
Total property, plant and equipment ¹⁾	2,745,962	3,241,301	
Right-of-use assets	171,998	195,675	
Investments in associated companies and joint ventures	3,674,331	3,577,497	5
Other investments	15,300	31,443	11
Loans granted	829,958	750,804	11
Other receivables and other assets	93,806	76,223	11
Deferred tax assets	26,747	26,692	
Total non-current assets ¹⁾	8,030,758	8,454,059	
Current assets			
Inventories	1,001,472	961,328	7
Receivables			
Trade receivables	879,343	640,090	11, 13
Income taxes	9,392	7,519	
Other receivables and other assets	370,743	436,565	11
Total receivables and other assets	1,259,478	1,084,174	
Cash and cash equivalents	215,177	83,404	11
Assets of the disposal group held for sale	1,005,792	0	4
Total current assets	3,481,919	2,128,906	
Total assets ¹⁾	11,512,677	10,582,965	

1) 2020 amounts are based on audited figures, but line items marked with footnote ¹⁾ have been restated. Please refer to the Restatement section for further details.

Interim Consolidated Balance Sheet

EUR thousand	30.6.2021	31.12.2020	Note
	unaudited	restated	
Equity and liabilities			
Equity			
Shareholders' equity			
Share capital and contributions by shareholders	1,599,397	1,599,397	
Reserves	-109,240	-299,231	
Retained earnings	5,788,232	5,117,066	
Total shareholders' equity	7,278,389	6,417,232	
Non-controlling interests	9,276	8,993	
Total equity	7,287,665	6,426,225	
Liabilities			
Non-current liabilities			
Loans and borrowings	1,559,521	1,411,552	10, 11
Lease liabilities	138,304	156,697	10
Deferred tax liabilities	245,057	224,108	
Employee benefits	386,369	470,713	
Provisions ¹⁾	56,165	75,207	8
Government grants ¹⁾	2,152	2,108	9
Other liabilities ¹⁾	16,656	23,543	11
Total non-current liabilities ¹⁾	2,404,224	2,363,928	
Current liabilities			
Loans and borrowings	206,689	310,397	10, 11
Lease liabilities	34,052	38,101	10
Trade payables	742,975	788,170	11, 13
Income taxes	210,322	63,049	
Provisions ¹⁾	23,675	37,281	8
Contract liabilities	44,750	41,660	
Other liabilities ¹⁾	253,225	514,154	11
Liabilities directly related to the disposal group	305,100	0	4
Total current liabilities ¹⁾	1,820,788	1,792,812	
Total liabilities ¹⁾	4,225,012	4,156,740	
Total equity and liabilities ¹⁾	11,512,677	10,582,965	

1) 2020 amounts are based on audited figures, but line items marked with footnote ¹⁾ have been restated. Please refer to the Restatement section for further details.

Interim Consolidated Statement of Changes in Equity

EUR thousand	Share capital ¹⁾ and contributions by shareholders	Reserve for actuarial gains/losses recognised in equity	Hedging reserve	Reserve for unrealised exchange gains/losses	Retained earnings	Total attributable to the equity holders of the parent	Non-controlling interests	Total equity
Balance as of 31 December 2020 (audited)	1,599,397	-253,065	-5,731	-40,435	5,117,066	6,417,232	8,993	6,426,225
Net profit for the period	0	0	0	0	821,166	821,166	-150	821,016
Other comprehensive income	0	17,976	35,165	107,615	0	160,756	433	161,189
Total comprehensive income	0	17,976	35,165	107,615	821,166	981,922	283	982,205
Dividend payments	0	0	0	0	-150,000	-150,000	0	-150,000
Reclassifications of cash flow hedges to balance sheet	0	0	29,235	0	0	29,235	0	29,235
Balance as of 30 June 2021 (unaudited)	1,599,397	-235,089	58,669	67,180	5,788,232	7,278,389	9,276	7,287,665
Balance as of 31 December 2019 (audited)	1,599,397	-260,760	1,347	282,204	4,823,040	6,445,228	12,524	6,457,752
Net profit for the period	0	0	0	0	215,308	215,308	-148	215,160
Other comprehensive income	0	-352	-30,156	-33,724	0	-64,232	-1,892	-66,124
Total comprehensive income	0	-352	-30,156	-33,724	215,308	151,076	-2,040	149,036
Dividend payments	0	0	0	0	-300,000	-300,000	0	-300,000
Reclassifications of cash flow hedges to balance sheet	0	0	3,688	0	0	3,688	0	3,688
Balance as of 30 June 2020 (unaudited)	1,599,397	-261,112	-25,121	248,480	4,738,348	6,299,992	10,484	6,310,476

1) Share capital of Borealis AG (parent company) amounts to EUR 300,000.00 (31 December 2020: EUR 300,000.00).

A dividend of EUR 150,000 thousand was paid in 2021 from the 2020 result.

The cumulative amount recognised in other comprehensive income from the disposal group as of 30 June 2021 is EUR -26,104 thousand, thereof EUR -895 thousand relates to items that may be reclassified subsequently to the income statement.

Interim Consolidated Cash Flow

EUR thousand	2021	2020	Note
For the six months ended 30 June	unaudited	unaudited	
Cash flows from operating activities			
Payments from customers	4,174,387	3,590,644	
Payments to employees and suppliers	-3,661,332	-3,028,046	
Interest received	12,466	9,183	
Interest paid	-16,408	-20,539	
Other financial expenses paid ¹⁾	1,699	-6,577	
Income taxes paid / repaid	-46,935	53,639	
	463,877	598,304	
thereof from discontinued operation	-17,192	57,916	
Cash flows from investing activities			
Investments in property, plant and equipment	-262,322	-277,162	3
Investments in intangible assets	-29,519	-35,004	3
Acquisitions of subsidiaries net of cash	0	-543,437	
Dividends of associated companies and joint ventures and non-consolidated subsidiaries	329,788	266,219	
Capital contributions to and financing and acquisition of associated companies and joint ventures	-221,401	-97,509	5
	-183,454	-686,893	
thereof from discontinued operation	-46,279	-16,187	
Cash flows from financing activities			
Non-current loans and borrowings obtained	150,000	508,220	10
Current loans and borrowings obtained	7,149	91,352	10
Current loans and borrowings repaid	-128,435	-146,875	10
Principal elements of lease payments	-19,712	-21,458	
Dividends paid to equity holders of the parent	-150,000	-300,000	
	-140,998	131,239	
thereof from discontinued operation	-35,433	31,746	
Net cash flow of the period ¹⁾	139,425	42,650	
Cash and cash equivalents as of 1 January ¹⁾	83,404	83,498	
Effect of exchange rate fluctuations on cash held	-62	-596	
Cash and cash equivalents as of 30 June ¹⁾	222,767	125,552	
thereof reported under Cash and cash equivalents	215,177	125,552	
thereof reported under Assets of the disposal group held for sale	7,590	0	

1) 2020 amounts for line items marked with footnote ¹⁾ have been restated. For further details, please refer to the Restatement section.

Notes to the Interim Consolidated Financial Statements

Reporting Entity

Borealis AG (the Company or Group) is a company domiciled in Austria. The address of the Company's registered office is Wagramer Strasse 17-19, 1220 Vienna, Austria. Borealis is one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers and the mechanical recycling of plastics.

Borealis Reports its Business Result in three Segments:

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

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

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

Basis of Preparation

The interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in compliance with the International Financial Reporting Standards issued by the IASB as adopted by the EU, IAS 34 for interim financial statements. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2020.

The interim consolidated financial statements for the six months ended 30 June 2021 have not been subject to an external audit or review.

The interim consolidated financial statements are presented in thousand Euro (EUR thousand), rounded to the nearest thousand, hence rounding differences may arise.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for new and amended standards effective as of 1 January 2021 and following changes which were driven by harmonisation with OMV's group accounting policies (see also the Restatement section):

Foreign Currency

Foreign exchange gains and losses related to working capital are presented in the income statement as part of operating profit (net sales and production costs). There are no changes for exchange adjustments recognised in other comprehensive income.

Government Grants

Government grants relating to assets are deducted from the carrying amount of the related asset and recognised in the income statement as a reduction of depreciation (production costs) over the useful life of the asset. Other grants are recognised in the income statement (other income) without offsetting the related cost.

Consequently, certain comparative amounts in the Interim Consolidated Income Statement have been restated (see the Restatement section). Comparative information has also been re-presented due to a discontinued operation (see note 4. Discontinued Operation).

New and Amended Standards Adopted by Borealis

Since 1 January 2021, the following accounting standards have become effective and have been adopted by Borealis, where effective means effective for annual periods beginning on or after that date (as endorsed by the EU). These did not have a material impact on the financial position or performance of the Group.

Standards		IASB effective date	EU effective date
Amended Standards			
IFRS 16	COVID-19-Related Rent Concessions	1 June 2020	1 June 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021	1 January 2021

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other interbank offered rates (IBORs) has become a priority for global regulators. The IASB has embarked on a two-phase project to consider what, if any, reliefs to give from the effects of the IBOR reform.

The Phase 1 amendments, issued in September 2019, provided temporary relief from applying specific hedge accounting requirements to relationships affected by IBOR reform. The relief provided by the amendments ceases to apply prospectively when the uncertainties arising from the interest rate benchmark reform are no longer present.

The Phase 2 amendments that were issued in August 2020 address issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark rate with an alternative one. The following key areas are affected by Phase 2: changes in the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures.

Restatement

The comparatives of the interim consolidated income statement, the interim consolidated balance sheet and the interim consolidated cash flow statement have been restated for the following items:

R&D Costs

During 2021, the Group discovered that certain expenditure of Borealis' Innovation & Technology organisation had been regularly presented as R&D cost whilst not being directly attributable to research and development activities, as defined by IAS 38.127. The total to be transferred to production costs for the first six months of 2020 amounted to EUR -60,890 thousand (thereof EUR -31,562 thousand depreciation, amortisation and impairment). At the same

time, production costs included a reduction related to the capitalisation of R&D costs for internally generated intangible assets. The total reduction to be transferred to R&D costs for the first six months of 2020 amounted to EUR 13,431 thousand.

Foreign Currency (FX) Gains and Losses

Until the end of the financial year 2020, all foreign exchange gains and losses, both realised and unrealised, were recorded as financial items in the income statement. From 2021 onwards, foreign exchange gains and losses related to working capital are presented in the income statement as part of operating profit (net sales and production costs). There are no changes for those exchange adjustments that are recognised in other comprehensive income.

Government Grants

Following the accounting policy change in 2021, government grants relating to assets are deducted from the carrying amount of the related asset and recognised in the income statement as a reduction of depreciation (production costs) over the useful life of the asset. Until the end of the financial year 2020, government grants were recognised separately in the balance sheet as non-current liabilities and recognised as income over the useful life of the asset (net sales).

Income from other government grants was shown as part of gross profit (net sales) until the end of the financial year 2020. From 2021 onwards, this will be shown as part of other income.

Other Provisions / Other Liabilities

A reassessment of uncertainty levels and maturities of other provisions and other liabilities took place, which resulted in reclassifications between these two line items.

The comparatives of the interim consolidated income statement and the interim consolidated balance sheet have been restated accordingly:

Interim Consolidated Income Statement For the six months ended 30 June		Accounting policy change		Change of presentation		
EUR thousand	2020 as reported	Government grants	Government grants	R&D	FX	2020 restated
Net sales	3,491,580	-771	-47,999	0	11,735	3,454,545
Production costs	-2,834,484	771	0	-74,321	-12,735	-2,920,769
Gross profit	657,096	0	-47,999	-74,321	-1,000	533,776
R&D costs	-82,773	0	0	74,321	0	-8,452
Other income	0	0	47,999	0	0	47,999
Operating profit	103,749	0	0	0	-1,000	102,749
Financial expenses	-34,731	0	0	0	1,000	-33,731
Profit before taxation	235,593	0	0	0	0	235,593

Interim Consolidated Balance Sheet EUR thousand	31.12.2020 as reported	Government grants	Other provisions/ Other liabilities	31.12.2020 restated
Assets				
Production plants	2,529,639	-11,839	0	2,517,800
Machinery and equipment	34,682	-265	0	34,417
Construction in progress	693,735	-4,651	0	689,084
Total property, plant and equipment	3,258,056	-16,755	0	3,241,301
Total non-current assets	8,470,814	-16,755	0	8,454,059
Total assets	10,599,720	-16,755	0	10,582,965
Liabilities				
Government grants (non-current)	18,863	-16,755	0	2,108
Provisions (non-current)	65,629	0	9,578	75,207
Other liabilities (non-current)	16,650	0	6,893	23,543
Total non-current liabilities	2,364,212	-16,755	16,471	2,363,928
Provisions (current)	2,163	0	35,118	37,281
Other liabilities (current)	565,743	0	-51,589	514,154
Total current liabilities	1,809,283	0	-16,471	1,792,812
Total liabilities	4,173,495	-16,755	0	4,156,740
Total equity and liabilities	10,599,720	-16,755	0	10,582,965

Marketable Securities

In the course of the regular review of accounts in the year 2020, it came to attention that marketable securities have been presented as cash and cash equivalents in the past, although they did not fulfil the definition of this line item.

As this portfolio is held for regulatory purposes, the balance was transferred to the non-current other receivables and other assets line item. The comparatives of the interim consolidated cash flow statement have been restated accordingly:

Interim Consolidated Cash Flow EUR thousand	2020 as reported	Marketable securities	2020 restated
Cash flows from operating activities			
Other financial expenses paid	-6,679	102	-6,577
Net cash flow of the period	42,548	102	42,650
Cash and cash equivalents as of 1 January	106,273	-22,775	83,498
Cash and cash equivalents as of 30 June	148,225	-22,673	125,552

1. Segment Reporting

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

EUR thousand	Polyolefins		Base Chemicals	
	2021	2020	2021	2020
Net sales by segment				
Total segment sales ¹⁾	3,212,335	2,296,318	2,260,146	1,643,423
Inter-segment sales	0	0	-1,608,836	-1,187,009
	3,212,335	2,296,318	651,310	456,414

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

Segment result				
Operating profit ¹⁾	616,664	26,478	173,397	57,069
Net result in associated companies and joint ventures	7,610	-2,539	216	102
Financial income/expenses ¹⁾				
Taxes on income				
Non-controlling interests				
Net profit for the period attributable to equity holders of the parent				

EUR thousand	30.6.2021	31.12.2020	30.6.2021	31.12.2020
Other information				
Segment assets ¹⁾	4,397,741	3,968,568	2,316,128	1,977,086
thereof Austria ¹⁾	2,041,121	1,777,083	855,347	673,741
Segment liabilities ¹⁾	0	0	0	0

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

1) 2020 amounts for line items marked with footnote ¹⁾ have been restated. For further details, please refer to the Restatement section. // 2) Fertilizers, Melamine and Technical Nitrogen Products business unit (Borealis NITRO)

Borealis NITRO ²⁾		Non-Allocated		Consolidated	
2021	2020	2021	2020	2021	2020
604,735	593,222	59,576	108,591	6,136,792	4,641,554
0	0	0	0	-1,608,836	-1,187,009
604,735	593,222	59,576	108,591	4,527,956	3,454,545
20,036	51,753	-87,099	-32,551	722,998	102,749
220	-78	281,204	136,860	289,250	134,345
		81	-1,501	81	-1,501
		-191,313	-20,433	-191,313	-20,433
		150	148	150	148
				821,166	215,308
30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
953,384	1,005,515	3,845,424	3,631,796	11,512,677	10,582,965
472,585	476,939	3,714,922	3,763,774	7,083,975	6,691,537
0	0	4,225,012	4,156,740	4,225,012	4,156,740

**Reconciliation of reportable segments to interim consolidated income statement
EUR thousand**

	2021	2020
Total revenue for reportable segments	4,527,956	3,454,545
Elimination of discontinued operation	-493,147	-485,369
Net sales	4,034,809	2,969,176
Total profit for reportable segments	821,166	215,308
Non-controlling interests	-150	-148
Elimination of discontinued operation	-16,947	-37,306
Net profit for the period from continuing operations	804,069	177,854

2. Revenue from Contracts with Customers

For the six months ended 30 June

EUR thousand	2021	2020
Revenue from contracts with customers ¹⁾	4,518,139	3,447,190
Revenue from other sources ¹⁾	9,817	7,355
Net sales from continuing and discontinued operations	4,527,956	3,454,545

1) 2020 amounts for line items marked with footnote ¹⁾ have been restated. For further details, please refer to the Restatement section.

Revenue from other sources mainly includes gains/losses for realised cash flow hedges on net sales from foreign exchange forwards. Revenue from other sources relating to the discontinued operation amounted to EUR 3,658 thousand (first six months of 2020: EUR 4,508 thousand).

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

EUR thousand	2021				
	Polyolefins	Base Chemicals	Borealis NITRO ²⁾	Non-Allocated	Consolidated
Revenue from contracts with customers	3,207,260	650,586	600,644	59,649	4,518,139
Revenue from other sources	5,075	724	4,091	-73	9,817
Net sales (as reported in note 1)	3,212,335	651,310	604,735	59,576	4,527,956

EUR thousand	2020				
	Polyolefins	Base Chemicals	Borealis NITRO ²⁾	Non-Allocated	Consolidated
Revenue from contracts with customers ¹⁾	2,297,104	453,475	588,252	108,359	3,447,190
Revenue from other sources ¹⁾	-786	2,939	4,970	232	7,355
Net sales (as reported in note 1)	2,296,318	456,414	593,222	108,591	3,454,545

1) 2020 amounts for line items marked with footnote ¹⁾ have been restated. For further details, please refer to the Restatement section. // 2) Fertilizers, Melamine and Technical Nitrogen Products business unit (Borealis NITRO).

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

Borealis invested EUR 29,616 thousand into intangible assets in the first six months of 2021 (first six months of 2020: EUR 35,004 thousand). Additions arising from internal development amounted to EUR 17,039 thousand (first six months of 2020: EUR 15,122 thousand). No intangible assets were received by way of government grants from the EU Emissions Trading System in the first

six months of 2021 (2020: EUR 95,941 thousand for the year 2020). For further details, please refer to note 9. Government Grants. The 2020 emissions were settled in April 2021.

The impairment of intangible assets in the first six months of 2021 for which the carrying amount exceeds the value in use amounted to EUR 4,326 thousand (first six months of 2020: EUR 7,284 thousand).

Additions to property, plant and equipment in the first six months of 2021 amounted to EUR 250,540 thousand (first six months of 2020: EUR 277,162 thousand). Assets with a carrying amount of EUR 613,350 thousand were disposed of as part of the discontinued operation. Moreover, borrowing costs amounting to EUR 4,049 thousand (first six months of 2020: EUR 2,199 thousand) have been capitalised using an average interest rate of 1.7% (first six months of 2020: 1.9%).

Major projects advanced in the first six months of 2021 are the new, world-scale propane dehydrogenation (PDH) plant at the existing production site in Kallo, Belgium, the turnarounds in Grand-Quevilly, France and in Porvoo, Finland.

As of 30 June 2021, Borealis' contractual commitments amounted to EUR 260,054 thousand (31 December 2020: EUR 304,528 thousand) for the acquisition of property, plant and equipment. The main driver for the decrease compared to 31 December 2020 is the fact that capital commitments related to the disposal group are excluded.

4. Discontinued Operation

Borealis plans the sale of the nitrogen business unit including fertilizers, technical nitrogen and melamine products. This led to the reclassification of the disposal group to assets and liabilities held for sale as of 31 March 2021. The component held for sale is reported as a discontinued operation. The Company's share in fertilizer production sites in The Netherlands and Belgium ("Rosier") is presently not being considered as part of the potential sales process.

EUR thousand	2021	2020
For the six months ended 30 June		
Net sales	493,147	485,369
Expenses	-465,198	-437,195
Operating profit	27,949	48,174
Net results of associated companies and joint ventures	220	-78
Financial result	-1,790	-1,986
Profit before taxation	26,379	46,110
Taxes on income	-9,432	-8,804
Profit from discontinued operation, net of tax	16,947	37,306
Attributable to:		
Non-controlling interests	0	0
Equity holders of the parent	16,947	37,306

EUR thousand	30.6.2021
Assets	
Non-current assets	
Intangible assets	882
Property, plant and equipment	631,206
Right-of-use assets	11,151
Investments in associated companies and joint ventures	6,134
Other investments	16,548
Other receivables and other assets	9,903
Deferred tax assets	482
Current assets	
Inventories	134,180
Trade receivables	131,979
Income tax receivables	4,265
Other receivables and other assets	51,472
Cash and cash equivalents	7,590
Assets of the disposal group held for sale	1,005,792

EUR thousand	30.6.2021
Liabilities	
Non-current liabilities	
Lease liabilities	5,768
Employee benefits	61,462
Provisions	19,125
Other liabilities	5,080
Current liabilities	
Lease liabilities	5,719
Trade payables	144,531
Income taxes	7,280
Provisions	4,383
Other liabilities	51,752
Liabilities directly related to the disposal group	305,100

5. Investments in Associated Companies, Joint Ventures and Subsidiaries

Associated Companies

On 24 June 2021, Borealis subscribed to a new share issue, thus acquiring 10% in RENASCI NV, a company based in Ghent, Belgium. RENASCI NV is principally engaged in the development of proprietary processes and technological know-how in waste treatment and recycling. This investment is one milestone in line with Borealis' strategy to grow its circular economy business. Through the shareholder agreement, Borealis is guaranteed two seats on the board of RENASCI NV, and participates in major significant financial and operating decisions. The Group has therefore determined that it has significant influence over the entity with only 10% of the voting rights.

Joint Ventures

Shares in Silleno Limited Liability Partnership were sold on 4 May 2021.

Subsidiaries

CERHA HEMPEL Leilani Holding GmbH with its registered office in Vienna, Austria was acquired on 22 June 2021. This 100% subsidiary of Borealis is the holding company of RENASCI NV.

6. Tax Contingencies

Several Borealis Group companies are subject to tax audits performed by their respective tax authorities on a regular basis. In some of the audits, specific emphasis is placed on transfer pricing. Management's opinion is that the Company is in compliance with all applicable regulations.

7. Inventories

EUR thousand	30.6.2021	31.12.2020
Finished products	726,351	685,296
Raw materials and consumables	275,121	276,032
Total	1,001,472	961,328

Impairment costs of EUR 11,551 thousand (first six months of 2020: EUR 18,732 thousand) were recognised in the first six months of 2021.

8. Provisions

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

Restructuring

Provisions for restructuring amounted to EUR 312 thousand (31 December 2020: EUR 319 thousand) and cover estimated costs for the ongoing restructuring programmes.

Decommissioning

Provisions for decommissioning amounted to EUR 31,196 thousand (31 December 2020: EUR 47,335 thousand) and cover the expected clean-up and dismantling costs for plants situated on rented land in Germany and Belgium. It is expected that EUR 5,040 thousand will be used by 2027 and EUR 26,156 thousand by 2049.

Legal

Legal provisions amounted to EUR 4,344 thousand (31 December 2020: EUR 4,886 thousand) and represent litigation provisions in various business areas.

Environmental

Environmental provisions amounted to EUR 865 thousand (31 December 2020: EUR 6,388 thousand) and cover several environmental exposures in the Group.

Other

Other provisions amounted to EUR 43,123 thousand (31 December 2020: EUR 53,560 thousand) and cover numerous types of obligations, including incentive plans. During the first six months of 2021, a reassessment of uncertainty levels and maturities of other provisions and other liabilities took place, which resulted in reclassifications between these two line items. For further details, please refer to the Restatement section.

9. Government Grants

As of 30 June 2021, government grants not relating to assets amounted to EUR 2,152 thousand (31 December 2020: EUR 2,108 thousand).

No intangible assets were received by way of government grants from the EU Emissions Trading System in the first six months of 2021 (2020: EUR 95,941 thousand for the year 2020) due to the transition into the new trading period (EU ETS Phase 4), which will result in the allocation of free allowances in the second half of 2021. These grants are included at fair value when received and are released within that year. Consequently, the carrying amount of government grants related to emission rights amounted to EUR 0 thousand as of 30 June 2021 (31 December 2020: EUR 0 thousand).

10. Loans and Borrowings and Lease Liabilities

The composition of interest-bearing loans and borrowings and lease liabilities (current and non-current debt) as of 30 June 2021 was as follows:

EUR thousand		30.6.2021						
Due		Term loans	Bond	Utilised uncommitted facilities	Export credits	Total loans and borrowings	Unutilised committed facilities	Lease liabilities
After	5 years	464,868				464,868		67,719
Within	5 years	107,917	297,706			405,623	1,000,000	13,787
	4 years	486,820				486,820		14,789
	3 years	146,038				146,038		18,498
	2 years	56,173				56,173		23,511
Total non-current debt		1,261,816	297,706	0	0	1,559,521	1,000,000	138,304
Total current debt		126,867	0	7,149	72,673 ¹⁾	206,689	58,138 ¹⁾	34,052
Total debt		1,388,683	297,706	7,149	72,673	1,766,210	1,058,138	172,356

1) Borealis maintains EUR 166,011 thousand in export credit facilities, thereof EUR 35,200 thousand relates to the discontinued operation (EUR 72,673 thousand as of 30 June 2021 were drawn from continuing operations). These facilities are economically evergreen in nature, but include a one year notice for cancellation.

The composition of interest-bearing loans and borrowings and lease liabilities (current and non-current debt) as of 31 December 2020 was as follows:

EUR thousand		31.12.2020						
Due		Term loans	Bond	Utilised uncommitted facilities	Export credits	Total loans and borrowings	Unutilised committed facilities	Lease liabilities
After	5 years	390,677				390,677		75,404
Within	5 years	326,079	297,461			623,540	1,000,000	13,745
	4 years	292,876				292,876		15,107
	3 years	35,244				35,244		21,091
	2 years	69,215				69,215		31,350
Total non-current debt		1,114,091	297,461	0	0	1,411,552	1,000,000	156,697
Total current debt		154,910	0	47,614	107,873 ²⁾	310,397	58,138 ²⁾	38,101
Total debt		1,269,001	297,461	47,614	107,873	1,721,949	1,058,138	194,798

2) Borealis maintains EUR 166,011 thousand in export credit facilities (these facilities were drawn with EUR 107,873 thousand as of 31 December 2020). These facilities are economically evergreen in nature, but include a one year notice for cancellation.

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

Borealis continues to maintain a strong diversified liquidity position through its EUR 1 billion fully committed Syndicated Revolving Credit Facility (RCF), of which EUR 1 billion remained undrawn as of the end of June 2021, and by terming out its debt through diverse funding channels. The RCF was refinanced in December 2019 with a five-year tenor with two one-year extension options at lenders' discretion. The first RCF extension option was utilised in December 2020 and the new maturity date is now 19 December 2025.

As of 30 June 2021, the Group had total committed credit facilities of EUR 1,166,011 thousand (31 December 2020: EUR 1,166,011 thousand). Besides the above-mentioned undrawn EUR 1 billion RCF, Borealis had OeKB Export Credit Facilities in the amount of EUR 166,011 thousand (31 December 2020: EUR 166,011 thousand). These were drawn in the amount of EUR 72,673 as of 30 June 2021 (31 December 2020: EUR 107,873 thousand).

In the first six months of 2021, Borealis increased its debt position by EUR 33,306 thousand. The net debt position which decreased by EUR 106,057 thousand resulted in a gearing ratio of 24%. The net debt and resulting gearing ratio includes interest-bearing debt reclassified as liabilities associated with assets held for sale and includes cash and cash equivalents that were reclassified as assets held for sale.

In July 2020, Borealis successfully signed a financing agreement with the European Investment Bank (EIB) for an amount of EUR 250,000 thousand and a tenor of seven years following a comprehensive due diligence process. The transaction represents benchmark funding for Borealis' innovation and circularity efforts and is a great testimonial to the long-term partnership with the EIB. EUR 100,000 thousand was disbursed in November 2020 and EUR 150,000 thousand in January 2021.

In November 2018, S&P Global Ratings issued a BBB+ rating with a stable outlook for Borealis. This constitutes the first public rating for the Company, which has been successfully active in a wide range of financing markets and instruments over the last ten years, and has built up a robust and well-diversified funding portfolio. While Borealis' long-term banking partners and investors have always appreciated the strong credit quality of the Company, the public rating provides a very good additional evaluation basis for all external stakeholders. On 2 October 2020, S&P Global Ratings affirmed Borealis' BBB+ rating with a stable outlook.

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

Based on this, combined with a resilient balance sheet and the strong public rating, Borealis has access to a wide variety of attractive funding instruments (such as bonds, the German *Schuldschein*, US Private Placement, foreign investment financing, bank loans and other). In order to meet the financing needs in 2021 and beyond, Borealis will continue to explore several suitable financial instruments fitting its strategy.

Some loan agreements have financial covenants based on maintaining certain gearing and solvency ratios. As of 30 June 2021, Borealis was in compliance with all financial covenants stipulated by the loan agreements.

11. Fair Values

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

EUR thousand	30.6.2021			31.12.2020		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
Assets						
Other investments						
Other investments	15,300	15,300	3	31,443	31,443	3
at fair value through profit or loss	15,300			31,443		
Trade receivables						
Trade receivables	879,343			640,090		
thereof at amortised cost	710,710			611,579		
thereof at fair value through profit or loss	168,633			28,511		
Cash and cash equivalents						
Cash	165,060			81,626		
Other current deposits	50,117			1,778		
at amortised cost	215,177			83,404		
Loans granted						
Loans granted	829,958	833,160	2	750,804	754,883	2
at amortised cost	829,958			750,804		
Other receivables and other assets (current and non-current)						
Marketable securities and bonds	29,130	29,130	1	35,164	35,164	1
at fair value through profit or loss	29,130			35,164		
Derivative financial instruments for which hedge accounting is applied	144,815	144,815	2	50,067	50,067	2
Hedging instruments	144,815			50,067		
Derivative financial instruments for which hedge accounting is not applied	5,774	5,774	2	3,441	3,441	2
at fair value through profit or loss	5,774			3,441		
Deposits and other receivables	112,578			168,008		
at amortised cost	112,578			168,008		
Other non financial assets	172,252	n/a	n/a	256,108	n/a	n/a
Total other receivables and other assets (current and non-current)	464,549			512,788		

EUR thousand	30.6.2021			31.12.2020 restated		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
Liabilities						
Loans and borrowings (current and non-current)						
Bond	297,706	321,861	1	297,461	324,432	1
Floating rate loans and borrowings	364,057	364,584	2	409,331	410,687	2
Fixed rate loans and borrowings	1,104,447	1,149,455	2	1,015,158	1,093,381	2
at amortised cost	1,766,210			1,721,949		
Trade payables						
Trade payables	742,975			788,170		
at amortised cost	742,975			788,170		
Other liabilities (current and non-current)						
Derivative financial instruments for which hedge accounting is applied	67,101	67,101	2	61,573	61,573	2
Hedging instruments	67,101			61,573		
Derivative financial instruments for which hedge accounting is not applied	13,079	13,079	2	5,382	5,382	2
at fair value through profit or loss	13,079			5,382		
Interest accruals on loans and borrowings	8,920			7,032		
Other financial liabilities ¹⁾	70,006			258,058		
at amortised cost	78,926			265,090		
Other non-financial liabilities	110,775	n/a	n/a	205,651	n/a	n/a
Total other liabilities (current and non-current)	269,881			537,697		

1) 2020 amount has been restated. For further details, please refer to the Restatement section.

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

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

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

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

In the first six months of 2021, no transfers between the different levels of the fair value hierarchy took place.

Other Investments

Other investments consist mainly of subsidiaries, which are not consolidated on materiality basis. The equity value of the other investments is assumed to equal the other investments' fair value. If the equity decreases (increases), the fair value decreases (increases) accordingly.

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

EUR thousand	2021	2020
Balance as of 1 January	31,443	31,692
Investments and acquisitions	1	0
Reclassification to assets of the disposal group held for sale	-18,052	0
Other changes ¹⁾	0	51
Fair value changes recognised in income statement (financial income/expenses)	1,915	-342
Exchange adjustments	-7	42
Balance as of the reporting date	15,300	31,443

1) New subsidiary in 2020 excluded from consolidation due to immateriality.

Trade and Other Receivables and Assets

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

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

Loans Granted

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

Derivatives

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

The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates for a

hypothetical instrument as of the reporting date. The credit quality of counterparties did not lead to a significant change in the fair values.

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

Other Non-financial Assets and Liabilities

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

Non-derivative Financial Liabilities

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

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

12. Other Income

In the first six months of 2021, an amount of EUR 22,171 thousand reported as other income relates to income from insurance compensation related to the

cracker incident in Stenungsund in May 2020. The amount presented for the six months ended 30 June 2020 is mainly attributable to the release of government grants received from the EU Emissions Trading System.

13. Transactions with Related Parties

EUR thousand	Transaction values for the six months ended 30 June		Balance outstanding	
	2021	2020	30.6.2021	31.12.2020
Sales of goods and services to				
Associated companies	189,205	239,320 ¹⁾	89,881	76,281
Joint ventures	18,235	6,086	7,596	7,257
Companies with significant influence	6,928	19,182	742	1,771
Other related parties	27,299	15,451	6,867	4,680
Purchases of goods and services from				
Associated companies	266,469	165,290	88,405	63,865
Joint ventures	2,872	3,062	367	331
Companies with significant influence	37,497	534,921	12,552	4,049
Other related parties	741,089	34,354	165,201	116,189
Others				
Loans granted and related interest – Associated companies	552	497	17,199	16,648
Loans granted and related interest – Joint ventures	12,339	8,899	814,244	735,616
Lease liability and related interest – Companies with significant influence	0	181	0	0
Lease liability and related interest – Other related parties	158	0	14,355	16,715
Income taxes liability and related expense – Parent company	190,731	0	158,366	0

1) 2020 sales to associated companies were restated for EUR 8,441 thousand accrued income already realised in 2019.

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

Due to ownership changes in Borealis in October 2020, transactions and balances with OMV AG and fellow subsidiaries are shown under "Other related parties" in 2021 (30 June 2020 Transaction values: categorised as "Companies with significant influence"), whereas transactions and balances with Mubadala Group entities are shown under "Companies with significant influence" (30 June 2020 Transaction values: categorised as "Other related parties").

Borealis has a commitment to grant a loan to Baystar with a total value of EUR 1,178,055 thousand (31 December 2020: EUR 1,140,901 thousand). By 30 June 2021, Baystar had already drawn EUR 812,759 thousand (31 December 2020: EUR 734,156 thousand). The commitment is available until the cracker and Borstar unit are in service or until 10 June 2023, whichever occurs first. On the reporting date, the Group also has financing commitments to Kilpilahden Voimalaitos Oy (KPP) amounting to EUR 15,733 thousand

(31 December 2020: EUR 15,733 thousand). KPP's entitlements are dependent on the fulfilment of specific events, as defined in the underlying contracts.

Starting from 1 January 2021, Borealis belongs to OMV tax group and reimburses income tax payments directly to OMV AG.

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

14. Subsequent Events

There have been no significant subsequent events after 30 June 2021.

15. Executive Board and Supervisory Board

Executive Board

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

Supervisory Board

Rainer Seele (Chairman), Musabbeh Al Kaabi (Vice Chairman), Reinhard Florey, Thomas Gangl (Member until 1 April 2021), Alfred Stern (Member since 1 April 2021), Saeed Al Mazrouei

Vienna, 19 August 2021

Executive Board:

Thomas Gangl m.p.
Chief Executive

Mark Tonkens m.p.
Chief Financial Officer

Wolfram Krenn m.p.

Philippe Roodhooft m.p.

Lucrece De Ridder m.p.

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

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

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

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

Vienna, 19 August 2021

Executive Board:

Thomas Gangl m.p.

Chairman of the Executive Board

Mark Tonkens m.p.

Member of the Executive Board

Wolfram Krenn m.p.

Member of the Executive Board

Philippe Roodhooft m.p.

Member of the Executive Board

Lucrece De Ridder m.p.

Member of the Executive Board

Trademark information:

Borstar is a registered trademark of the Borealis Group.
Ambicat, Baystar, Bortlink, Bormed, Casico, Quentys,
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Chemistry Industry Association of Canada.

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