



Borregaard

INTERIM REPORT
2ND QUARTER 2023



CONTENTS

03	2 nd quarter in brief
04	The Group
06	The business areas
06	BioSolutions
08	BioMaterials
09	Fine Chemicals
10	Foreign exchange and hedging
10	Cash flow and financial situation
11	Sustainability
11	Share information
12	Other matters and subsequent events
12	Outlook
13	Statement by the Board of Directors
14	The Group's interim condensed income statement
14	Interim earnings per share
14	The Group's interim condensed comprehensive income statement
15	The Group's interim condensed statement of financial position
15	Interim condensed changes in equity
16	The Group's interim condensed cash flow statement
17	Notes
23	Alternative performance measures

Q2 2023

2ND QUARTER IN BRIEF

- An all-time high EBITDA¹ of NOK 537 million (NOK 445 million)²
- Positive impact from diversified market strategy in BioSolutions
- Increased sales prices for BioMaterials
- Increased sales prices and high deliveries in Fine Chemicals
- Reduced margin and volume for traded vanillin products
- Positive net currency effects

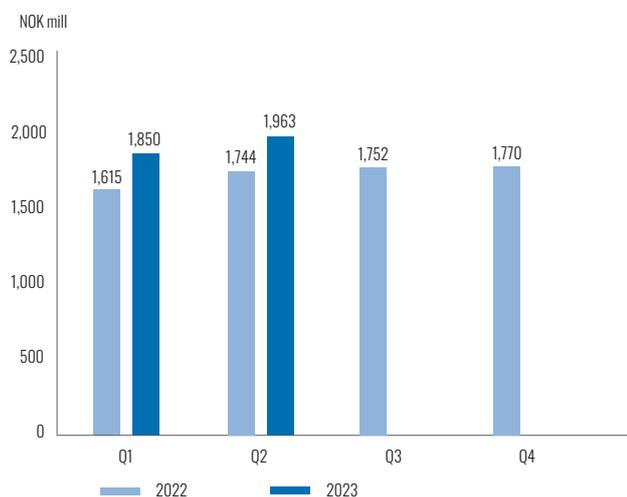
¹ Alternative performance measure, see page 23 for definition.

² Figures in parentheses are for the corresponding period in the previous year.

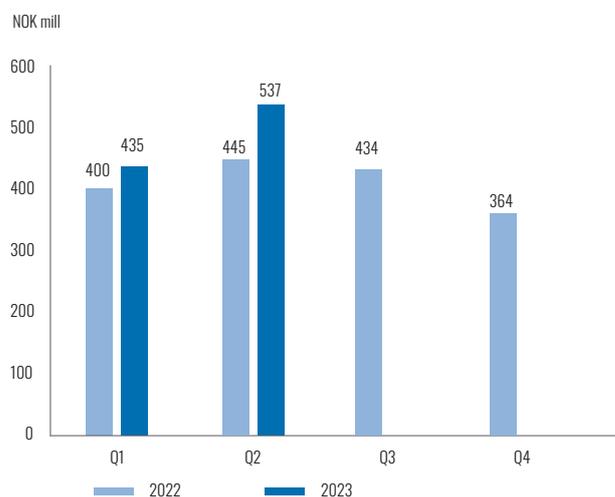
THE GROUP

Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
Operating revenues	2	1,963	1,744	3,813	3,359	6,881
EBITDA ¹		537	445	972	845	1,643
Operating profit		419	346	739	637	1,186
Profit/loss before taxes	2	379	322	671	599	1,118
Earnings per share (NOK)		2.84	2.53	5.16	4.71	8.95
Net interest-bearing debt ¹	11	2,218	2,105	2,218	2,105	1,836
Equity ratio ¹ (%)		47.4	51.8	47.4	51.8	54.8
Leverage ratio ¹		1.25	1.40	1.25	1.40	1.12
Return on capital employed ¹ (%)		18.8	17.2	18.8	17.2	18.1

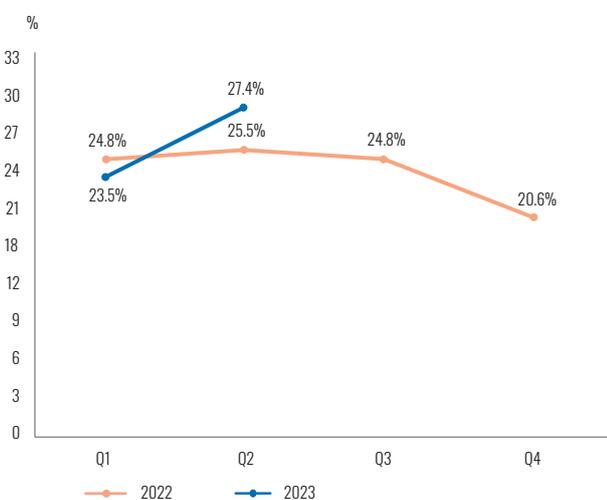
OPERATING REVENUES



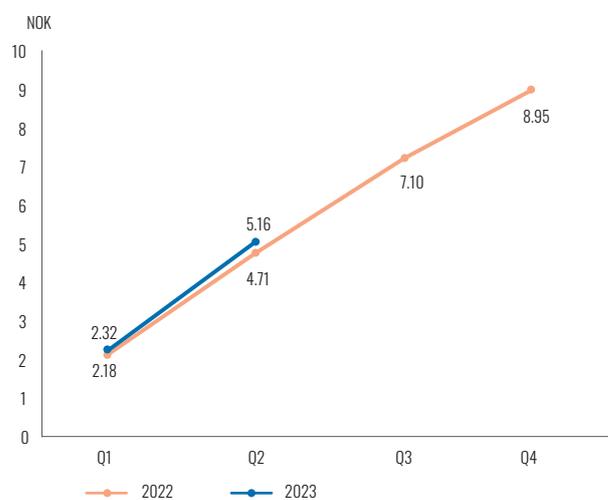
EBITDA¹



EBITDA MARGIN¹



EARNINGS PER SHARE CUMULATIVE



¹ Alternative performance measure, see page 23 for definition.

SECOND QUARTER

Operating revenues increased to NOK 1,963 million (NOK 1,744 million)². EBITDA¹ reached an all-time high level of NOK 537 million (NOK 445 million). Fine Chemicals and BioMaterials had result improvements while BioSolutions had a decrease compared with the 2nd quarter of 2022. Borregaard's resilient business model with a diversified market strategy contributed to an improved EBITDA margin¹ compared with previous quarters.

Increased sales prices and high deliveries were the main reasons for the significant result improvement in Fine Chemicals. The increased result in BioMaterials was mainly due to higher sales prices and positive net currency effects. In BioSolutions, increased sales prices and positive net currency effects were more than offset by reduced contribution from traded vanillin products and changes in product mix. For the Group, reduced energy costs were largely offset by increased wood costs and cost inflation in general.

Other income and expenses¹ were NOK 0 million (NOK 12 million) in the 2nd quarter of 2023.

Operating profit reached NOK 419 million (NOK 346 million). Net financial items were NOK -40 million (NOK -24 million). Profit before tax was NOK 379 million (NOK 322 million). Tax expense of NOK -91 million (NOK -78 million) gave a tax rate of 24% (24%) in the quarter.

Earnings per share were NOK 2.84 (NOK 2.53).

Cash flow from operating activities was NOK 411 million (NOK 182 million). The cash flow was positively affected by the cash effect from an all-time high EBITDA¹ and a slight decrease in net working capital. Tax payments were higher compared with the 2nd quarter of 2022.

FIRST HALF

Borregaard's operating revenues increased to NOK 3,813 million (NOK 3,359 million) in the 1st half of 2023. EBITDA¹ increased to NOK 972 million (NOK

845 million). The result increased in BioMaterials and Fine Chemicals while BioSolutions had a decrease compared with the 1st half of 2022.

Fine Chemicals' EBITDA¹ improved due to increased sales prices and higher deliveries. Increased sales prices and positive net currency effects were the main reasons for the EBITDA¹ improvement in BioMaterials. In BioSolutions, higher sales prices and positive net currency effects were more than offset by reduced contribution from traded vanillin products and a changed product mix. For the Group, reduced energy costs were more than offset by increased wood costs and cost inflation in general.

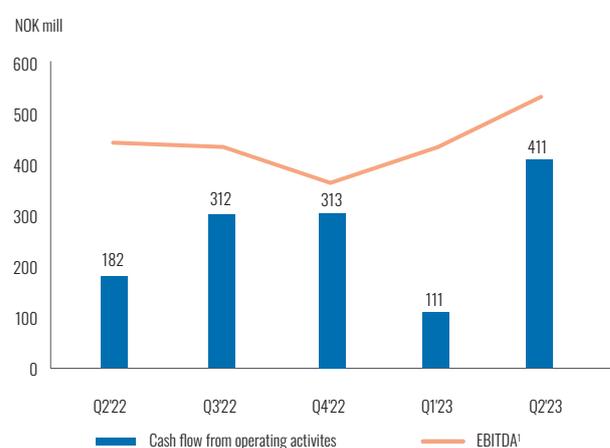
Other income and expenses¹ were NOK 0 million (NOK 12 million) in the 1st half of 2023.

Operating profit was NOK 739 million (NOK 637 million). Net financial items amounted to NOK -68 million (NOK -38 million). Profit before tax was NOK 671 million (NOK 599 million). Tax expense was NOK -162 million (NOK -146 million), giving a tax rate of 24% (24%).

Earnings per share were NOK 5.16 (NOK 4.71).

In the 1st half of 2023, cash flow from operating activities was NOK 522 million (NOK 110 million). The improvement was mainly due to the cash effect from a higher EBITDA¹ and a more favourable development in net working capital. Tax payments were higher compared with the 1st half of 2022.

CASH FLOW FROM OPERATING ACTIVITIES



¹ Alternative performance measure, see page 23 for definition.

² Figures in parentheses are for the corresponding period in the previous year.

BUSINESS AREAS

BIOSOLUTIONS

Amounts in NOK million	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Operating revenues	1,087	1,098	2,082	2,046	4,050
EBITDA ¹	284	305	508	566	986
EBITDA margin ¹ (%)	26.1	27.8	24.4	27.7	24.3

SECOND QUARTER

Operating revenues in BioSolutions were NOK 1,087 million (NOK 1,098 million). EBITDA¹ was NOK 284 million (NOK 305 million). The diversified market strategy with 600 products to numerous applications contributed to an improved EBITDA margin¹ compared with previous quarters.

Higher sales prices and positive net currency effects were more than offset by reduced contribution from traded vanillin products and changes in product mix. Reduced energy costs were partly offset by cost inflation which affected other operating expenses negatively.

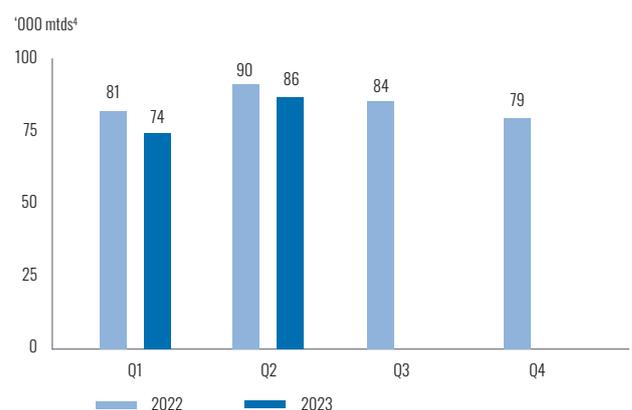
The average price in sales currency was 3% lower than in the same quarter in 2022. Sales prices were in line with the 1st quarter of 2023. However, increased sales volume to industrial applications and lower deliveries to construction and speciality applications affected the average price negatively in the quarter.

The total sales volume was 4% lower than in the corresponding quarter in 2022. Strong sales within several industrial applications partly compensated for lower deliveries to other applications.

AVERAGE GROSS SALES PRICE³



SALES VOLUME



Sales price and sales volume include lignin-based biopolymers and biovanillin.

¹ Alternative performance measure, see page 23 for definition.

² Figures in parentheses are for the corresponding period in the previous year.

³ Average sales price is calculated using actual FX rates, excluding hedging impact.

⁴ Metric tonne dry solid.

FIRST HALF

In the 1st half of 2023, BioSolutions' operating revenues increased to NOK 2,082 million (NOK 2,046 million). EBITDA¹ was NOK 508 million (NOK 566 million).

Higher sales prices and positive net currency effects were more than offset by reduced contribution from traded vanillin products and changes in product mix. Total costs were in line with last year.

The average price in sales currency was 5% higher than in the 1st half of 2022 due to price increases, partly offset by changes in product mix.

Total sales volume was 6% lower than in the 1st half of 2022. Strong sales within several industrial applications partly compensated for lower deliveries to other applications.



¹ Alternative performance measure, see page 23 for definition.

² Figures in parentheses are for the corresponding period in the previous year.

³ Average sales price is calculated using actual FX rates, excluding hedging impact.

⁴ Metric tonne dry solid.

BIOMATERIALS

Amounts in NOK million	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Operating revenues	661	540	1,345	1,072	2,250
EBITDA ¹	143	91	270	188	427
EBITDA margin ¹ (%)	21.6	16.9	20.1	17.5	19.0

SECOND QUARTER

BioMaterials' operating revenues reached NOK 661 million (NOK 540 million). EBITDA¹ increased to NOK 143 million (NOK 91 million).

Increased sales prices and positive net currency effects were the main reasons for the EBITDA¹ improvement. The product mix was weaker due to lower sales of speciality cellulose to the construction market for cellulose ethers, partly offset by higher sales of other specialised products. Lower energy costs were more than offset by higher wood costs and other operating expenses. Sales volume and prices of cellulose fibrils increased.

The average price in sales currency increased by 13% compared with the 2nd quarter of 2022.

AVERAGE GROSS SALES PRICE⁵



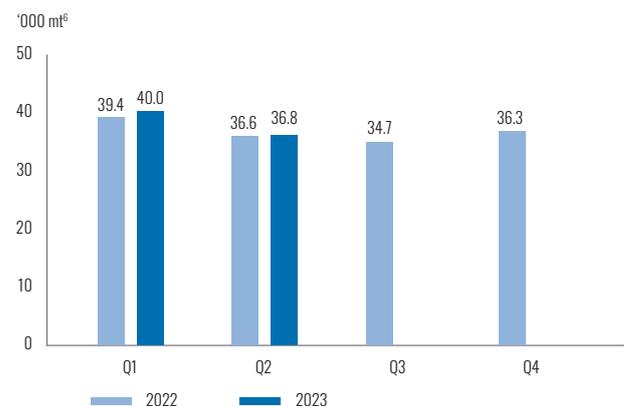
FIRST HALF

Operating revenues increased to NOK 1,345 million (NOK 1,072 million). EBITDA¹ reached NOK 270 million (NOK 188 million).

Higher sales prices for speciality cellulose and positive net currency effects were the main reasons for the EBITDA¹ improvement. The product mix was weaker due to lower sales of speciality cellulose to the construction market for cellulose ethers. Total costs increased compared with the 1st half of 2022. Sales volume and prices of cellulose fibrils increased.

The average price in sales currency was 16% higher than in the same period last year.

SALES VOLUME



Sales price and sales volume include speciality cellulose and cellulose fibrils.

¹ Alternative performance measure, see page 23 for definition.

⁵ Average sales price is calculated using actual FX rates, excluding hedging impact.

⁶ Metric tonne.

FINE CHEMICALS

Amounts in NOK million	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Operating revenues	227	119	407	262	632
EBITDA ¹	110	49	194	91	230
EBITDA margin ¹ (%)	48.5	41.2	47.7	34.7	36.4

SECOND QUARTER

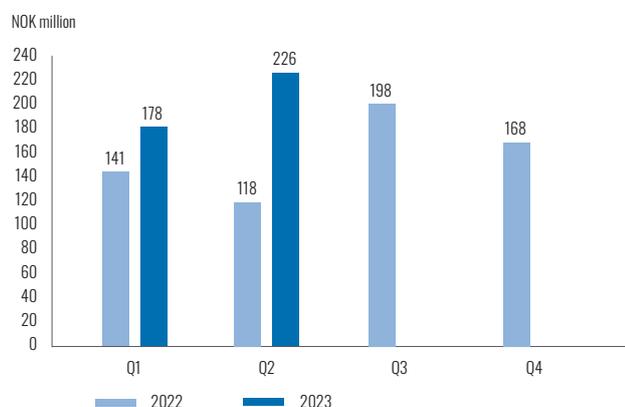
Operating revenues in Fine Chemicals increased to NOK 227 million (NOK 119 million). EBITDA¹ reached NOK 110 million (NOK 49 million).

The significant EBITDA¹ improvement was due to increased sales prices and high deliveries. Bioethanol had a particularly strong quarter. In addition, fine chemical intermediates had an improved product mix. The net currency impact was positive.

FIRST HALF

Operating revenues in Fine Chemicals were NOK 407 million (NOK 262 million). EBITDA¹ was NOK 194 million (NOK 91 million). EBITDA¹ in the 1st half improved due to higher sales prices and higher deliveries, partly offset by increased costs. The net currency impact was positive.

FINE CHEMICALS – SALES REVENUES



Sales revenues include fine chemical intermediates and bioethanol.

¹ Alternative performance measure, see page 23 for definition.

FOREIGN EXCHANGE AND HEDGING

Borregaard has a significant currency exposure which is hedged according to the company's hedging strategy. The impact of currency rate fluctuations will be delayed as a result of the currency hedging strategy. Compared with the 2nd quarter of 2022, the net impact of foreign exchange on EBITDA¹, including hedging effects, was NOK 80 million. Hedging effects were NOK -65 million (NOK -3 million) in the quarter.

Compared with the 1st half of 2022, the net impact of foreign exchange on EBITDA¹, including hedging

effects, was NOK 155 million. Hedging effects were NOK -113 million (NOK 7 million) in the 1st half.

Assuming currency rates as of 17 July 2023 (USD 10.01 and EUR 11.24) and based on currency exposure forecasts, Borregaard expects a net impact of foreign exchange on EBITDA¹ of approximately NOK 40 million in the 3rd quarter of 2023 and NOK 215 million for the full year of 2023, compared with the corresponding periods last year.

CASH FLOW AND FINANCIAL SITUATION

SECOND QUARTER

Cash flow from operating activities in the 2nd quarter was NOK 411 million (NOK 182 million). The cash flow was positively affected by the cash effect from an all-time high EBITDA¹ and a slight decrease in net working capital. Tax payments were higher compared with the 2nd quarter of 2022.

Investments amounted to NOK 261 million (NOK 81 million). Expansion investments¹ totalled NOK 158 million (NOK 24 million). The main expenditure was related to the increased ownership in Alginor ASA.

FIRST HALF

In the 1st half of 2023, cash flow from operating activities was NOK 522 million (NOK 110 million). The improvement was mainly due to the cash effect from a higher EBITDA¹ and a more favourable development in net working capital compared with the 1st half of 2022. Tax payments were higher compared with the 1st half of 2022.

Investments amounted to NOK 368 million (NOK 168 million). Replacement investments were NOK 190

million (NOK 128 million). Expansion investments¹ totalled NOK 178 million (NOK 40 million), where the largest expenditure was related to the increased ownership in Alginor ASA.

Dividend of NOK 324 million (NOK 499 million) was paid out in the 2nd quarter. In the 1st half of 2023, the Group has sold and repurchased treasury shares with net proceeds of NOK -4 million (NOK 11 million). Realised effect of hedging of net investments in subsidiaries was NOK -88 million (NOK -80 million).

On 30 June 2023, the Group had net interest-bearing debt¹ totalling NOK 2,218 million (NOK 2,105 million), an increase of NOK 382 million from year-end 2022.

At the end of June, the Group was well capitalised with an equity ratio¹ of 47.4% (51.8%) and a leverage ratio¹ of 1.25 (1.40).

¹ Alternative performance measure, see page 23 for definition.

SUSTAINABILITY

Environment, health and safety (EHS) are integral parts of Borregaard's business model.

Greenhouse gas emissions (GHG, scope 1 and 2) have decreased slightly (1%) due to lower use of fossil fuel for heat energy. Process improvements contributed to an 11% reduction in emissions of organic material (COD – rolling 12 months) compared with the same period last year.

There were no fatal or high consequence work-related injuries in the 1st half of 2023. The total recordable injuries per million hours worked (TRIF, rolling 12

months) were 4.4 (4.5). Sick leave was at the same level; 4.1%.

The table below shows key sustainability measures and targets. For further details on parameters and targets, see the Sustainability and corporate responsibility chapter in Borregaard's 2022 Annual Report.

All figures are rolling 12 months	30.6.2023	30.6.2022	31.12.2022	Target 2023	Target 2030
Greenhouse gas emissions (Scope 1 and 2, '000 tonnes)	213	215	214	N/A	114
COD (organic material) in process water discharged	49 t/day	55 t/day	54 t/day	52 t/day	40 t/day
Total recordable injuries per million hours worked	4.4	4.5	4.9	3.5	0.0
Sick leave %	4.1 %	4.1 %	4.3 %	4.0 %	3.0 %

* Emission figures as of 30.6.2023 are based on best estimate at the time of reporting.

SHARE INFORMATION

In the 2nd quarter, 23,450 share options were exercised at a strike price of NOK 67.05 per share, and 23,100 share options were exercised at a strike price of NOK 91.35 per share.

In the 2nd quarter, Borregaard repurchased a total of 44,674 treasury shares at an average price of NOK 182.41.

Total number of shares outstanding on 30 June 2023 was 100 million, including 243,604 treasury shares. Total number of shareholders was 8,560. Borregaard

ASA's share price was NOK 158.80 at the end of the 2nd quarter (NOK 174.80 at the end of the 1st quarter of 2023 and NOK 152.00 at the end of 2022).

The share was traded ex dividend on 19 April and dividend was paid out on 27 April 2023.

OTHER MATTERS AND SUBSEQUENT EVENTS

SUCCESSFUL PLACEMENT OF NEW GREEN BONDS

In June, Borregaard successfully placed NOK 500 million in new senior unsecured green bonds. The new green bonds have a tenor of 5 years and a coupon of 3 months NIBOR plus 1.25% p.a.

Borregaard has established a green financing framework. Under the new framework, Borregaard can

issue green financing instruments. It is structured in accordance with the 2021 ICMA Green Bond Principles (GBP), as well as the 2023 LMA, APLMA and LSTA Green Loan Principles (GLP).

See notices to Oslo Stock Exchange on 12 and 13 June 2023.

OUTLOOK

In BioSolutions, the diversified market strategy for lignin-based biopolymers is expected to mitigate effects of a potential recession. The total sales volume for 2023 is forecast to be slightly below 2022, depending on the global economic development in general and the construction market in particular. Sales volume in the 3rd quarter of 2023 is forecast to be largely in line with the same quarter last year.

For BioMaterials, the total sales volume in 2023 is expected to be in line with 2022. Sales volume of highly specialised grades is expected to be lower than last year due to a further slowdown in the construction market for cellulose ethers. However, sales to other applications are expected to partly compensate for reduced volume to the construction market. Sales growth will continue for cellulose fibrils.

In Fine Chemicals, sales prices for advanced bioethanol are expected to remain at the same level as in the 1st half of 2023. The market conditions for advanced

biofuels are favourable in several European countries. Bioethanol sales are expected to be mainly into these markets in 2023. For fine chemical intermediates, lower deliveries and a weaker product mix are expected in the 2nd half of 2023 compared with the 1st half.

Wood costs will increase 4-6% in the 2nd half of 2023 compared with the 1st half of 2023. In the 3rd quarter, increased wood and labour costs are expected to offset lower energy and other raw material costs compared with the 2nd quarter of 2023.

Cost inflation, interest rates and uncertainty in the global economy may impact Borregaard's markets. Borregaard will continue to closely monitor cost inflation and market development and implement relevant measures if required.

Sarpsborg, 17 July 2023
The Board of Directors of Borregaard ASA

STATEMENT BY THE BOARD OF DIRECTORS

We confirm that, to the best of our knowledge, the unaudited interim condensed financial statements for the period 1 January to 30 June 2023, have been prepared in accordance with IAS 34 Interim Financial Reporting, and that the information in the financial statements gives a true and fair view of the business

of the Group and the Group's assets, liabilities, financial position and overall results, and that the half year report provides a fair overview of the information set out in the Norwegian Securities Trading Act section 5-6, fourth paragraph.

Sarpsborg, 17 July 2023
The Board of Directors of Borregaard ASA

Signed

HELGE AASEN

Chair

Signed

TERJE ANDERSEN

Signed

TOVE ANDERSEN

Signed

MARGRETHE HAUGE

Signed

JOHN ARNE ULVAN

Signed

RAGNHILD ANKER EIDE

Signed

ARUNDEL KRISTIANSEN

Signed

PER A. SØRLIE

President and CEO

THE GROUP'S INTERIM CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
Operating revenues	2	1,963	1,744	3,813	3,359	6,881
Operating expenses		-1,426	-1,299	-2,841	-2,514	-5,238
Depreciation property, plant and equipment		-116	-110	-230	-218	-444
Amortisation intangible assets		-2	-1	-3	-2	-5
Other income and expenses ¹	3	-	12	-	12	-8
Operating profit		419	346	739	637	1,186
Financial items, net	4	-40	-24	-68	-38	-68
Profit before taxes		379	322	671	599	1,118
Income tax expense	5	-91	-78	-162	-146	-267
Profit for the period		288	244	509	453	851
Profit attributable to non-controlling interests		5	-8	-5	-16	-41
Profit attributable to owners of the parent		283	252	514	469	892
EBITDA¹		537	445	972	845	1,643

INTERIM EARNINGS PER SHARE

Amounts in NOK		1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
Earnings per share (100 mill. shares)	6	2.84	2.53	5.16	4.71	8.95
Diluted earnings per share	6	2.83	2.52	5.14	4.69	8.92

THE GROUP'S INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
Profit for the period		288	244	509	453	851
Items not to be reclassified to P&L						
Actuarial gains and losses (after tax)		-	-	-	-	1
Total		-	-	-	-	1
Items to be reclassified to P&L						
Change in hedging-reserve after tax (cash flow)	8	-151	-486	-557	-362	-253
Change in hedging-reserve after tax (net investment in subsidiaries)	8	-22	-78	-69	-69	-70
Translation effects		40	126	122	122	118
Total		-133	-438	-504	-309	-205
The Group's comprehensive income		155	-194	5	144	647
Comprehensive income non-controlling interests		7	1	-	-8	-33
Comprehensive income owners of the parent		148	-195	5	152	680

¹ Alternative performance measure, see page 23 for definition.

THE GROUP'S INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	Note	30.6.2023	31.12.2022
Intangible assets	13	80	82
Property, plant and equipment	13	4,502	4,371
Right-of-use assets		403	345
Other assets	9	226	254
Investments in joint venture/associate company	4	258	142
Non-current assets		5,469	5,194
Inventories		1,318	1,299
Receivables	9	1,576	1,387
Cash and cash deposits	11	365	234
Current assets		3,259	2,920
Total assets		8,728	8,114
Group equity	10	4,083	4,394
Non-controlling interests		51	51
Equity		4,134	4,445
Provisions and other liabilities		479	295
Interest-bearing liabilities	9, 11	2,038	1,370
Non-current liabilities		2,517	1,665
Interest-bearing liabilities	9, 11	547	702
Other current liabilities	9	1,530	1,302
Current liabilities		2,077	2,004
Equity and liabilities		8,728	8,114
Equity ratio ¹		47.4 %	54.8 %

INTERIM CONDENSED CHANGES IN EQUITY

Amounts in NOK million	Note	1.1 - 30.6.2023			1.1 - 31.12.2022		
		Controlling interests	Non-controlling interests	Total equity	Controlling interests	Non-controlling interests	Total equity
Equity 1 January		4,394	51	4,445	4,222	84	4,306
Profit/loss for the period		514	-5	509	892	-41	851
Items in Comprehensive Income	8	-509	5	-504	-212	8	-204
The Group's Comprehensive income	8	5	-	5	680	-33	647
Paid dividend		-324	-	-324	-499	-	-499
Buy-back of treasury shares		-49	-	-49	-68	-	-68
Exercise of share options		22	-	22	16	-	16
Reduced tax payable of exercised share options		-	-	-	-	-	-
Shares to employees		30	-	30	33	-	33
Option costs (share based payment)		5	-	5	10	-	10
Transactions with non-controlling interests		-	-	-	-	-	-
Equity at the end of the period		4,083	51	4,134	4,394	51	4,445

¹ Alternative performance measure, see page 23 for definition.

THE GROUP'S INTERIM CONDENSED CASH FLOW STATEMENT

Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
Profit before taxes		379	322	671	599	1,118
Amortisation, depreciation and impairment charges		118	111	233	220	449
Changes in net working capital, etc.		19	-221	-174	-602	-658
Dividend/share of profit from JV & associate company	4	2	31	8	31	34
Taxes paid		-107	-61	-216	-138	-208
Cash flow from operating activities		411	182	522	110	735
Investments property, plant and equipment and intangible assets *		-137	-81	-244	-168	-464
Investment in associate company	4	-124	-	-124	-	-
Other capital transactions		3	4	5	6	9
Cash flow from investing activities		-258	-77	-363	-162	-455
Dividends		-324	-499	-324	-499	-499
Proceeds from exercise of options/shares to employees	10	4	7	45	34	41
Buy-back of treasury shares	7	-8	-19	-49	-23	-68
Gain/(loss) on hedges for net investments in subsidiaries		-30	-111	-88	-80	-79
Net paid to/from shareholders		-358	-622	-416	-568	-605
Proceeds from interest-bearing liabilities	11	800	737	800	837	837
Repayment from interest-bearing liabilities	11	-446	-339	-460	-353	-512
Change in interest-bearing receivables/other liabilities	11	19	70	60	68	78
Change in net interest-bearing liabilities		373	468	400	552	403
Cash flow from financing activities		15	-154	-16	-16	-202
Change in cash and cash equivalents		168	-49	143	-68	78
Cash and cash equivalents at beginning of period		105	-16	111	5	5
Change in cash and cash equivalents		168	-49	143	-68	78
Currency effects cash and cash equivalents		5	27	24	25	28
Cash and cash equivalents at the close of the period	11	278	-38	278	-38	111
*Investment by category						
Replacement investments		103	57	190	128	359
Expansion investments ¹ including investment in associate company		158	24	178	40	105
Total investments including investment in associate company		261	81	368	168	464

¹ Alternative performance measure, see page 23 for definition.

NOTES

NOTE 01 Organisation and basis for preparation

GENERAL INFORMATION

Borregaard ASA is incorporated and domiciled in Norway. The address of its registered office is Hjalmar Wessels vei 6, Sarpsborg.

Basis for preparation

These unaudited Interim Condensed Consolidated Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. Borregaard ASA is the parent company of the Borregaard Group presented in these Interim Condensed Consolidated Financial Statements.

The same accounting principles and methods of calculation have been applied as in the Consolidated Financial Statements for 2022 for the Borregaard Group.

Use of estimates

The same use of estimates has been applied as in the Consolidated Financial Statements for 2022.

NOTE 02 Segments

OPERATING REVENUES

Amounts in NOK million	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Borregaard	1,963	1,744	3,813	3,359	6,881
BioSolutions	1,087	1,098	2,082	2,046	4,050
BioMaterials	661	540	1,345	1,072	2,250
Fine Chemicals	227	119	407	262	632
Eliminations	-12	-13	-21	-21	-51

There is limited intercompany sales between the different segments and eliminations consist essentially of allocations from the corporate headquarter.

cont. next page

cont. NOTE 02 Segments

EBITDA¹

Amounts in NOK million	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Borregaard	537	445	972	845	1,643
BioSolutions	284	305	508	566	986
BioMaterials	143	91	270	188	427
Fine Chemicals	110	49	194	91	230
Reconciliation against operating profit & profit before tax					
EBITDA¹	537	445	972	845	1,643
Depreciations and write downs	-116	-110	-230	-218	-444
Amortisation intangible assets	-2	-1	-3	-2	-5
Other income and expenses ¹	-	12	-	12	-8
Operating profit	419	346	739	637	1,186
Financial items, net	-40	-24	-68	-38	-68
Profit before taxes	379	322	671	599	1,118

SALES REVENUES

Amounts in NOK million	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Borregaard	1,937	1,720	3,762	3,311	6,776
BioSolutions	1,062	1,072	2,035	2,001	3,946
BioMaterials	649	530	1,323	1,051	2,205
Fine Chemicals	226	118	404	259	625
Eliminations	-	-	-	-	-

Operating revenues consist of sales revenues and other revenues such as commissions, revenues from waste received for incineration etc.

NOTE 03 Other income and expenses¹

There were no Other income and expenses¹ in the 2nd quarter of 2023. Other income and expenses¹ of NOK 12 million in the 2nd quarter of 2022 were mainly

related to sale of assets in the closed lignin operation in South Africa as the realised value was higher than the provision made in 2020.

¹ Alternative performance measure, see page 23 for definition.

NOTE 04 Financial items**NET FINANCIAL ITEMS**

Amounts in NOK million	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Net interest expenses	-35	-16	-64	-29	-76
Currency gain/loss	-1	-7	5	-6	6
Share of profit/-loss from an associate	-1	-	-3	-1	-3
Other financial items, net	-3	-1	-6	-2	5
Net financial items	-40	-24	-68	-38	-68

In April 2023, Borregaard increased its ownership in Alginor by an additional investment of NOK 124 million. After this transaction, Borregaard holds 35% of the shares in Alginor ASA on a fully diluted basis as of 30 June 2023. Other financial items, net includes changes in committed return on the Group's unfunded pension plan.

NOTE 05 Income tax expense

The tax rate of 24.1% (24.4%) for the first six months of 2023 is a compilation of the tax rates in the various countries in which Borregaard operates and has taxable income. The corporate income tax rate in Norway is 22%.

In addition to the compilation of the tax rates in the various countries in which Borregaard operates and has taxable income, the income tax rate for the Group is also impacted by the following: LignoTech Florida is a limited liability company (LLC) which is taxed on the owners' hand. Profit before tax is 100% consolidated

in the Borregaard Group, whereas the tax expense is calculated based on Borregaard's 55% ownership. Consequently, profit attributable to non-controlling interests for LignoTech Florida (45%) is calculated on profit before tax. Share of profit after tax from the joint venture, LignoTech South Africa, and from the associated company, Alginor ASA, is accounted for as part of profit before tax. There are carry forward losses in the Group which will not be recognised as deferred tax assets, and hence increase the Group's tax rate.

NOTE 06 Earnings per share (EPS)

The share capital consists of 100 million shares. The company holds 243,604 treasury shares. As of 30 June 2023, there are 99,964,147 diluted shares (99,752,815

as of 31 December 2022). Earnings per diluted share were NOK 2.83 in the 2nd quarter (NOK 2.52 in the 2nd quarter of 2022).

NOTE 07 Stock options

During the 2nd quarter of 2023, 23,450 share options were exercised at a strike price of NOK 67.05 per share and 23,100 share options were exercised at a strike price of NOK 91.35 per share.

The Group Executive Management and other key employees hold a total of 1,150,450 stock options in five different share option programmes in Borregaard.

Stock options	Issued 2019	Issued 2020	Issued 2021	Issued 2022	Issued 2023
Number of stock options	104,550	346,900	249,000	200,000	250,000
Strike price (NOK)*	67.05	91.35	172.45	220.50	190.75
Vesting period	3 years	3 years	3 years	3 years	3 years
Expiry date	6 February 2024	13 February 2025	16 February 2026	17 February 2027	1 March 2023

* Strike prices as at 30 June 2023 have been adjusted for dividend paid since issuance of stock options.

NOTE 08 Statement of comprehensive income

The statement of comprehensive income shows changes in the value of hedging instruments, both cash flow hedges and hedges of net investments

in subsidiaries (hedging reserve). These figures are presented after tax.

Amounts in NOK million	30.6.2023		30.6.2022		31.12.2022	
	Cash flow hedges	Hedges of net investments in subsidiaries	Cash flow hedges	Hedges of net investments in subsidiaries	Cash flow hedges	Hedges of net investments in subsidiaries
Tax effect year-to-date	-190	-84	-63	-65	-33	-65
Hedging reserve after tax	-673	-265	-225	-195	-116	-196

NOTE 09 Fair value hierarchy

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

The following measurement levels are used for determining the fair value of financial instruments:

- Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

- Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

There were no transfers from one level to another in the measurement hierarchy from 2022 to the 2nd quarter of 2023. Borregaard has no items defined as level 1. The bond is determined as measurement level 3. The fair value of the bond is deemed to equal its book value.

Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 30 June 2023:

cont. NOTE 09 Fair value hierarchy

FINANCIAL ASSETS

Amounts in NOK million	Level	30.6.2023		31.12.2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial receivables	2	203	203	194	194
Non-current derivatives	2	6	6	46	46
Current derivatives	2	15	15	49	49
Total financial assets		224	224	289	289

FINANCIAL LIABILITIES

Non-current financial liabilities	2, 3	2,040	2,040	1,372	1,372
Non-current derivatives	2	476	476	144	144
Current financial liabilities	2	547	547	702	702
Current derivatives	2	405	405	102	102
Total financial liabilities		3,468	3,468	2,320	2,320

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Amounts in NOK million		Level 1	Level 2	Level 3
Financial instruments 30.6.2023	-3,244	-	-2,744	-500
Financial instruments 31.12.2022	-2,031	-	-1,631	-400

The financial instruments are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

NOTE 10 Compilation of Equity

Amounts in NOK million	30.6.2023	31.12.2022
Share capital	100	100
Treasury shares	-	-
Share premium	1,346	1,346
Other paid-in capital	938	881
Translation effects	325	208
Hedging reserve (after tax)	-938	-312
Actuarial gains/Losses	42	42
Retained earnings	2,270	2,129
Group equity (controlling interests)	4,083	4,394

As of 30 June 2023, the company held 243,604 treasury shares at an average cost of NOK 180.39.

NOTE 11 Net interest-bearing debt¹

The various elements of net interest-bearing debt¹ are shown in the following table:

Amounts in NOK million	30.6.2023	31.12.2022
Non-current interest-bearing liabilities	2,038	1,370
Current interest-bearing liabilities including overdraft of cashpool	547	702
Non-current interest-bearing receivables (included in "Other Assets")	-2	-2
Cash and cash deposits	-365	-234
Net interest-bearing debt¹	2,218	1,836
- of which impact of IFRS 16 Leases	434	371

In June 2023, Borregaard successfully placed NOK 500 million in new senior unsecured green bonds. The new green bonds have a tenor of 5 years and a coupon of 3 months NIBOR plus 1.25% p.a.

NOTE 12 Related parties

The members of the Group Executive Management of Borregaard held a total of 560,450 stock options in the Company as of 30 June 2023.

NOTE 13 Assessments relating to impairment

No impairment indicators have been identified in the Borregaard Group's property, plant and equipment or intangible assets in the 2nd quarter of 2023.

NOTE 14 Other matters and subsequent events

There have been no other events after the balance sheet date that would have had a material impact on the financial statements, or the assessments carried out.

¹ Alternative performance measure, see page 23 for definition.

ALTERNATIVE PERFORMANCE MEASURES

In the discussion of the reported operating results, financial position and cash flows, Borregaard refers to certain measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. Borregaard management makes regular use of these Alternative Performance Measures and is of the opinion that this information, along with comparable

GAAP measures, is useful to investors who wish to evaluate the company's operating performance, ability to repay debt and capability to pursue new business opportunities. Such Alternative Performance Measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

MEASURE	DESCRIPTION	REASON FOR INCLUDING
EBITDA	EBITDA is defined by Borregaard as operating profit before depreciation, amortisation and other income and expenses.	Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance.
EBITDA MARGIN	EBITDA margin is defined by Borregaard as EBITDA divided by operating revenues.	Shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue.

	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
EBITDA					
Operating profit	419	346	739	637	1,186
Other income and expenses	-	-12	-	-12	8
Amortisation intangible assets	2	1	3	2	5
Depreciation and impairment property, plant and equipment	116	110	230	218	444
EBITDA	537	445	972	845	1,643

	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
EBITDA MARGIN					
EBITDA	537	445	972	845	1,643
Operating revenues	1,963	1,744	3,813	3,359	6,881
EBITDA margin (%) (EBITDA/operating revenues)	27.4	25.5	25.5	25.2	23.9

MEASURE	DESCRIPTION	REASON FOR INCLUDING
EQUITY RATIO	Equity ratio is defined by Borregaard as equity (including non-controlling interests) divided by equity and liabilities.	Equity ratio is an important measure in describing the capital structure.

EQUITY RATIO	30.6.2023	30.6.2022	31.12.2022
Total equity	4,134	3,975	4,445
Equity & liabilities	8,728	7,679	8,114
Equity ratio (%) (total equity/equity & liabilities)	47.4	51.8	54.8

MEASURE	DESCRIPTION	REASON FOR INCLUDING
EXPANSION INVESTMENTS	Borregaard's investments are either categorised as replacement or expansion. Expansion investments is defined by Borregaard as investments made in order to expand production capacity, produce new products or to improve the performance of existing products. Such investments include business acquisitions, pilot plants, capitalised research and development costs and new distribution set-ups.	Borregaard's strategic priorities are specialisation and diversification, increase value added from the biorefinery, develop business areas and to continue emphasis on ESG along the entire value chain. To be able to deliver on those priorities, expansion investments are needed. As such, expansion investments are important information for investors. One of Borregaard's financial objectives is to have an internal rate of return >15% pre-tax for expansion investments.

	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
EXPANSION INVESTMENTS	2023	2022	2023	2022	2022
Total investments including investment in associate company	261	81	368	168	464
Replacement investments	-103	-57	-190	-128	-359
Expansion investments including investment in associate company	158	24	178	40	105

MEASURE	DESCRIPTION	REASON FOR INCLUDING
OTHER INCOME AND EXPENSES	Other income and expenses are defined by Borregaard as non-recurring items or items related to other periods or to a discontinued business or activity. These items are not viewed as reliable indicators of future earnings based on the business areas' normal operations. These items will be included in the Group's operating profit.	To be able to compare the EBITDA of different reporting periods, significant non-recurring items not directly related to operating activities, are included in Other income and expenses.

	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
OTHER INCOME AND EXPENSES	2023	2022	2023	2022	2022
Other income and expenses	-	12	-	12	-8

MEASURE	DESCRIPTION	REASON FOR INCLUDING
NET INTEREST-BEARING DEBT	Net interest-bearing debt is defined by Borregaard as interest-bearing liabilities minus interest-bearing assets.	Net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. Net interest-bearing debt is part of Borregaard's financial covenants (leverage ratio) and is important in understanding the capital structure.

NET INTEREST-BEARING DEBT	30.6.2023	30.6.2022	31.12.2022
Non-current interest-bearing liabilities	2,038	1,926	1,370
Current interest-bearing liabilities including overdraft of cashpool	547	272	702
Non-current interest-bearing receivables (included in "Other assets")	-2	-3	-2
Cash and cash deposits	-365	-90	-234
Net interest-bearing debt	2,218	2,105	1,836

MEASURE	DESCRIPTION	REASON FOR INCLUDING
LEVERAGE RATIO	Leverage ratio is defined by Borregaard as net interest bearing debt divided by last twelve months' (LTM) EBITDA.	Leverage ratio is an indicator of the overall strength of the statement of financial position. Borregaard has a targeted leverage ratio between 1.0 and 2.25 over time. Leverage ratio is Borregaard's financial covenant on long-term credit facilities.

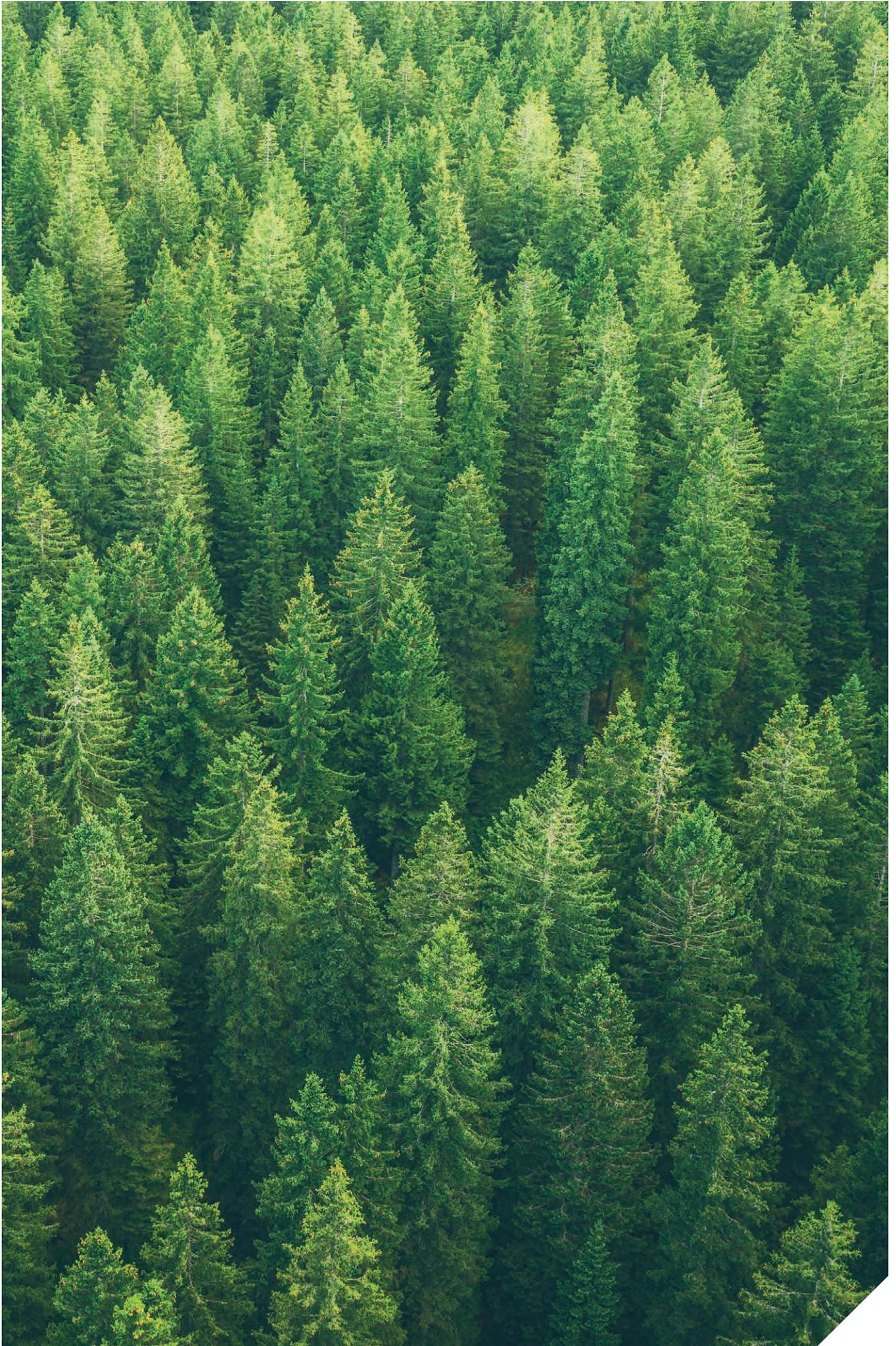
LEVERAGE RATIO	30.6.2023	30.6.2022	31.12.2022
Net interest-bearing debt	2,218	2,105	1,836
EBITDA	1,770	1,499	1,643
Leverage ratio (net interest-bearing debt/EBITDA)	1.25	1.40	1.12

MEASURE	DESCRIPTION	REASON FOR INCLUDING
CAPITAL EMPLOYED	Capital employed is defined by Borregaard as the total of net working capital, intangible assets, property, plant and equipment, right-of-use assets minus net pension liabilities.	Borregaard uses capital employed as basis for calculating ROCE.

CAPITAL EMPLOYED (END OF PERIOD)	30.6.2023	30.6.2022	31.12.2022
Capital employed (end of period)	7,216	6,779	6,802

MEASURE	DESCRIPTION	REASON FOR INCLUDING
RETURN ON CAPITAL EMPLOYED (ROCE)	Return on capital employed (ROCE) is defined by Borregaard as last twelve months' (LTM) capital contribution (operating profit before amortisation and other income and expenses) divided by average capital employed based on the ending balance of the last five quarters.	ROCE is an important financial ratio to assess Borregaard's profitability and capital efficiency. One of Borregaard's financial objectives is to have ROCE >15% pre-tax over a business cycle.

RETURN ON CAPITAL EMPLOYED (ROCE)	30.6.2023	30.6.2022	31.12.2022
Capital employed end of:			
Q2, 2021		5,854	
Q3, 2021		5,991	
Q4, 2021		6,043	6,043
Q1, 2022		6,421	6,421
Q2, 2022	6,779	6,779	6,779
Q3, 2022	7,015		7,015
Q4, 2022	6,802		6,802
Q1, 2023	7,142		
Q2, 2023	7,216		
Average capital employed	6,991	6,218	6,612
CAPITAL CONTRIBUTION	30.6.2023	30.6.2022	31.12.2022
Operating profit	1,288	1,080	1,186
Other income and expenses	20	-12	8
Amortisation intangible assets	6	4	5
Capital contribution	1,314	1,072	1,199
RETURN ON CAPITAL EMPLOYED (ROCE)	30.6.2023	30.6.2022	31.12.2022
Capital contribution	1,314	1,072	1,199
Average capital employed	6,991	6,218	6,612
Return on capital employed (ROCE) (%) (capital contribution/average capital employed)	18.8	17.2	18.1





Q2 2023



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