



# INTERIM REPORT

## 3<sup>RD</sup> QUARTER 2024

---



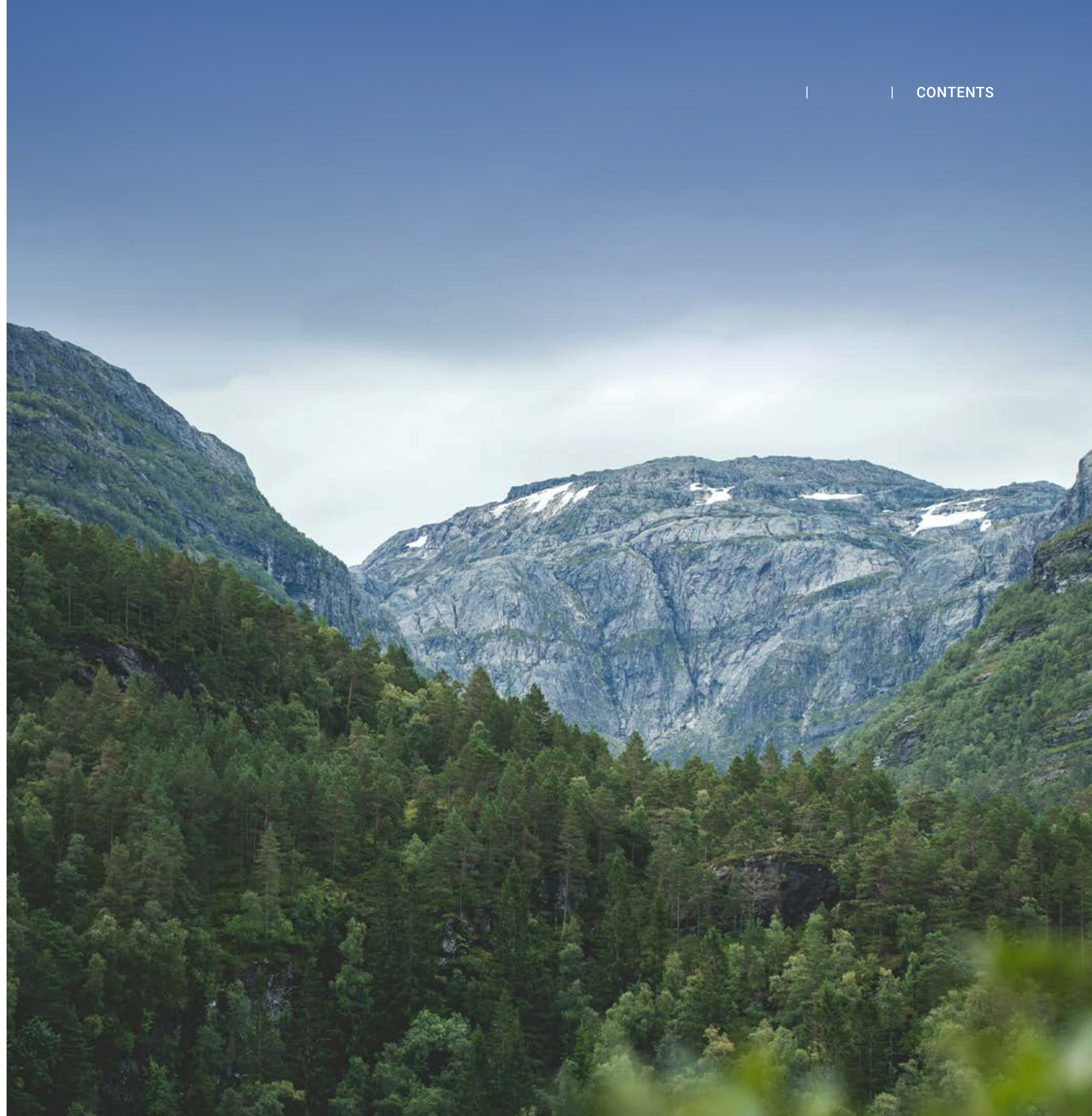


## 3<sup>RD</sup> QUARTER IN BRIEF

- EBITDA<sup>1</sup> NOK 524 million (NOK 482 million)<sup>2</sup>
- Increased sales volume in BioSolutions
- Higher deliveries more than offset by increased wood costs and other operating expenses in BioMaterials
- Significantly higher deliveries of bioethanol and favourable product mix for intermediates in Fine Chemicals
- Slightly positive net currency effects

## CONTENTS

The Group .....	03
Business areas .....	05
Foreign exchange and hedging .....	09
Cash flow and financial situation .....	09
Share information .....	10
Other matters and subsequent events .....	10
Outlook .....	11
The Group's interim condensed financial statement .....	13
Alternative performance measures .....	21

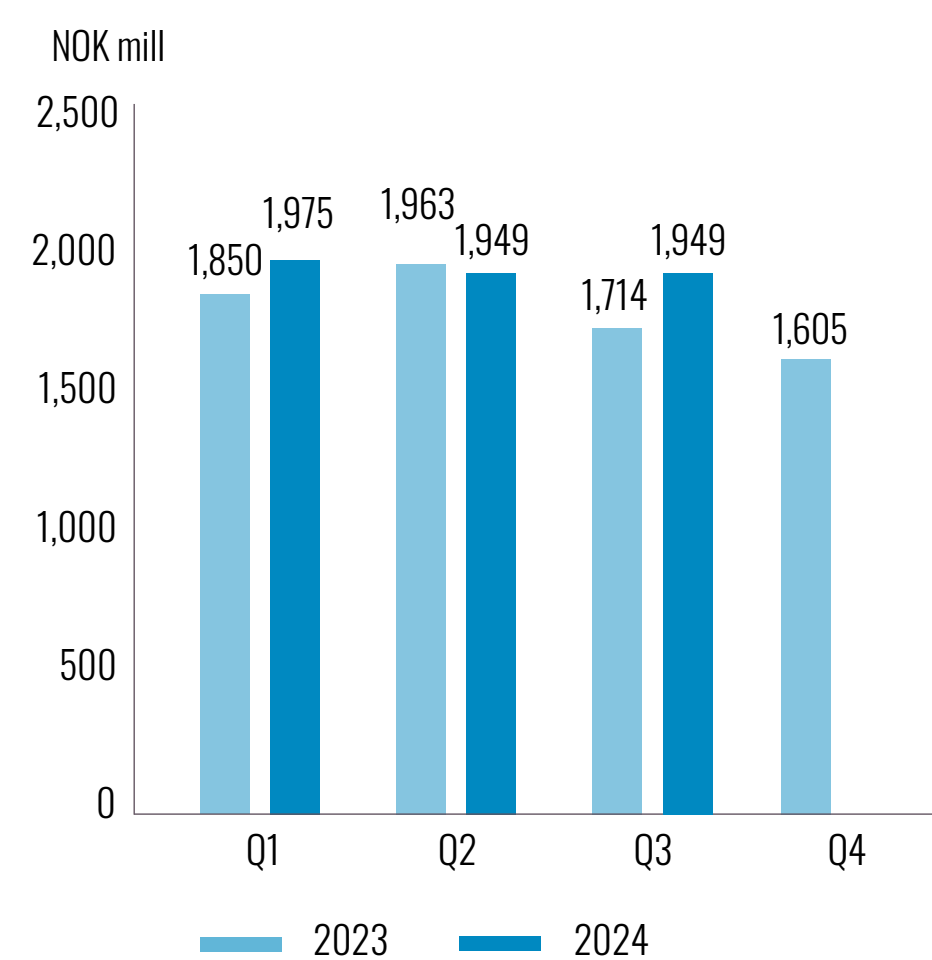




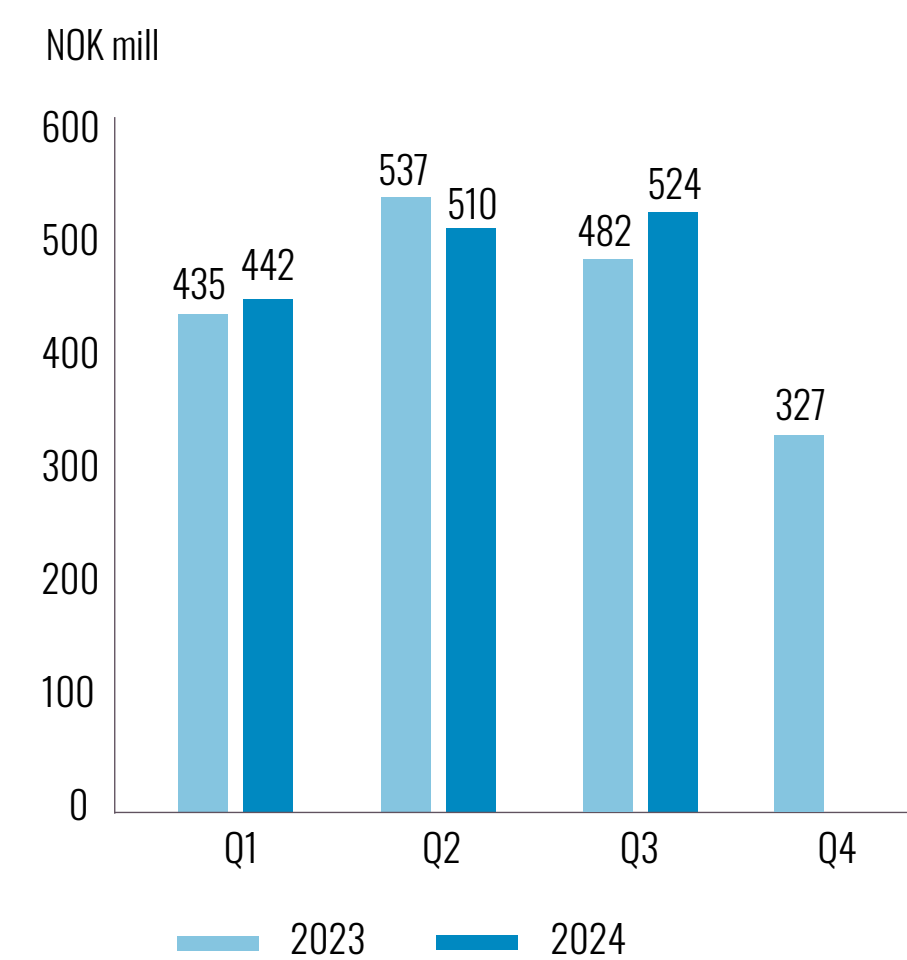
# THE GROUP

Amounts in NOK million	Note	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2024	2023	2024	2023	2023
Operating revenues	2	1,949	1,714	5,873	5,527	7,132
EBITDA <sup>1</sup>		524	482	1,476	1,454	1,781
Operating profit		385	360	1,067	1,099	1,291
Profit/loss before taxes	2	326	318	909	989	1,124
Earnings per share (NOK)		2.51	2.38	6.96	7.54	8.73
Net interest-bearing debt <sup>1</sup>	10	2,073	1,879	2,073	1,879	1,791
Equity ratio <sup>1</sup> (%)		55.6	50.6	55.6	50.6	53.7
Leverage ratio <sup>1</sup>		1.15	1.03	1.15	1.03	1.01
Return on capital employed <sup>1</sup> (%)		16.8	19.1	16.8	19.1	18.3

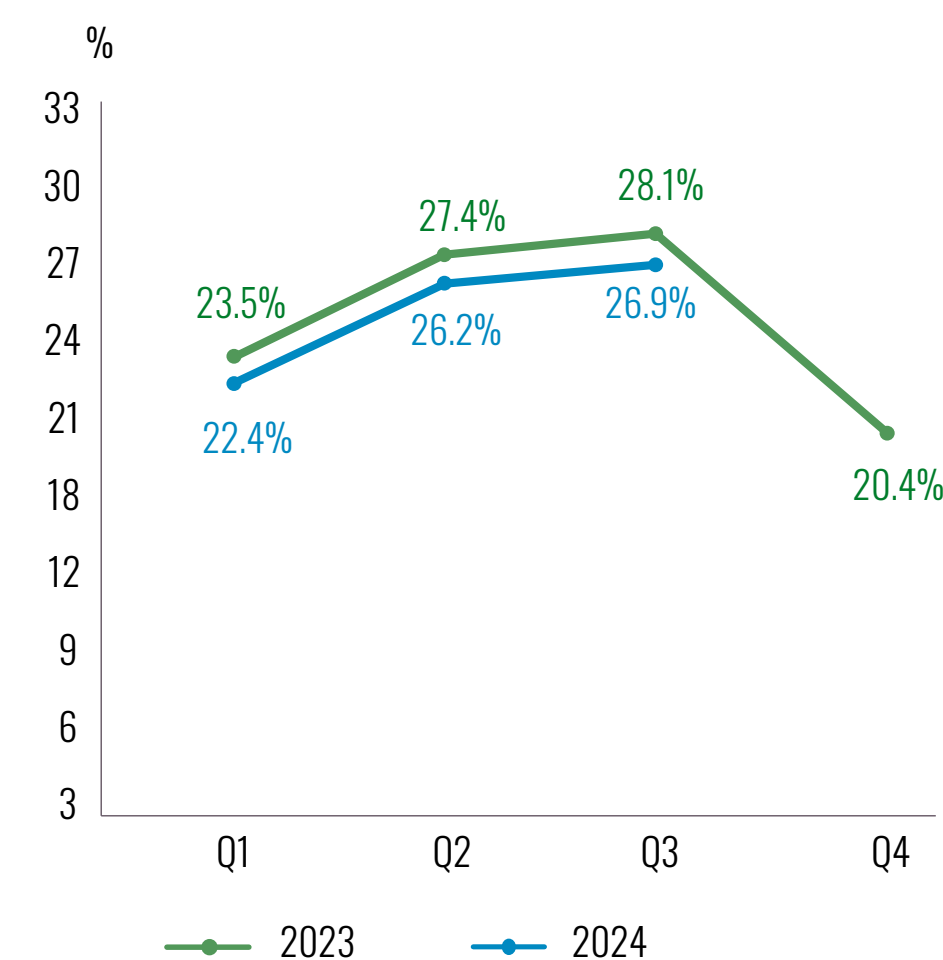
## OPERATING REVENUES



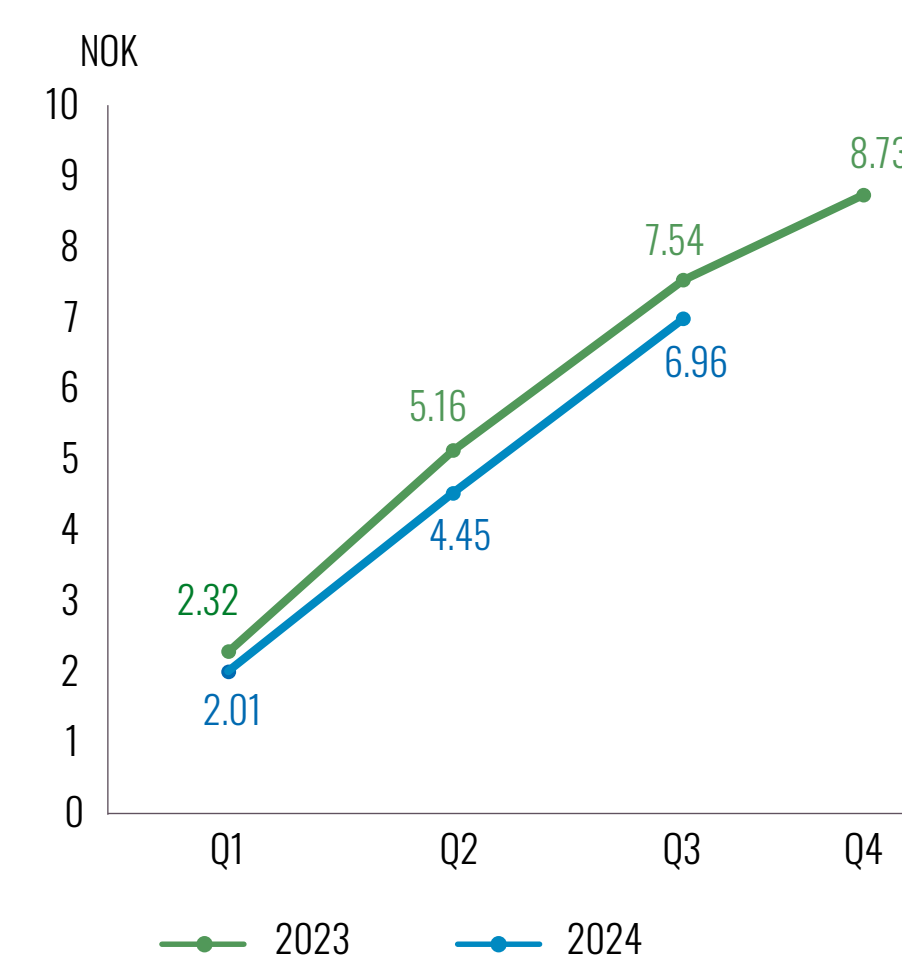
## EBITDA<sup>1</sup>



## EBITDA MARGIN<sup>1</sup>



## EARNINGS PER SHARE CUMULATIVE



<sup>1</sup>Alternative performance measure, see page 21 for definition.

### THIRD QUARTER

Operating revenues were NOK 1,949 million (NOK 1,714 million)<sup>2</sup> in the 3<sup>rd</sup> quarter of 2024. EBITDA<sup>1</sup> reached NOK 524 million (NOK 482 million). The results in both BioSolutions and Fine Chemicals increased while the result in BioMaterials was lower compared with the 3<sup>rd</sup> quarter of 2023.

Increased sales volume was the main reason for the improved result in BioSolutions. For BioMaterials, significantly higher deliveries were more than offset by increased wood costs and other operating expenses. The main reasons for the stronger result in Fine Chemicals were significantly higher deliveries of bioethanol and a favourable product mix for fine chemical intermediates. The net currency effects were slightly positive.

Operating profit was NOK 385 million (NOK 360 million). Net financial items were NOK -59 million (NOK -42 million). Profit before tax was NOK 326 million (NOK 318 million). Tax expense of NOK -78 million (NOK -76 million) gave a tax rate of 24% (24%) in the quarter.

Earnings per share were NOK 2.51 (NOK 2.38).

Cash flow from operating activities was NOK 391 million (NOK 526 million). The cash flow in the period was positively affected by the cash effect from a high EBITDA<sup>1</sup> whereas net working capital increased.

<sup>1</sup>Alternative performance measure, see page 21 for definition.

<sup>2</sup>Figures in parentheses are for the corresponding period in the previous year.

### YEAR-TO-DATE (1.1-30.9)

Borregaard's operating revenues increased to NOK 5,873 million (NOK 5,527 million) in the first nine months of 2024. EBITDA<sup>1</sup> increased to NOK 1,476 million (NOK 1,454 million). The result increased in both BioSolutions and Fine Chemicals while BioMaterials had a decrease compared with the corresponding period of 2023.

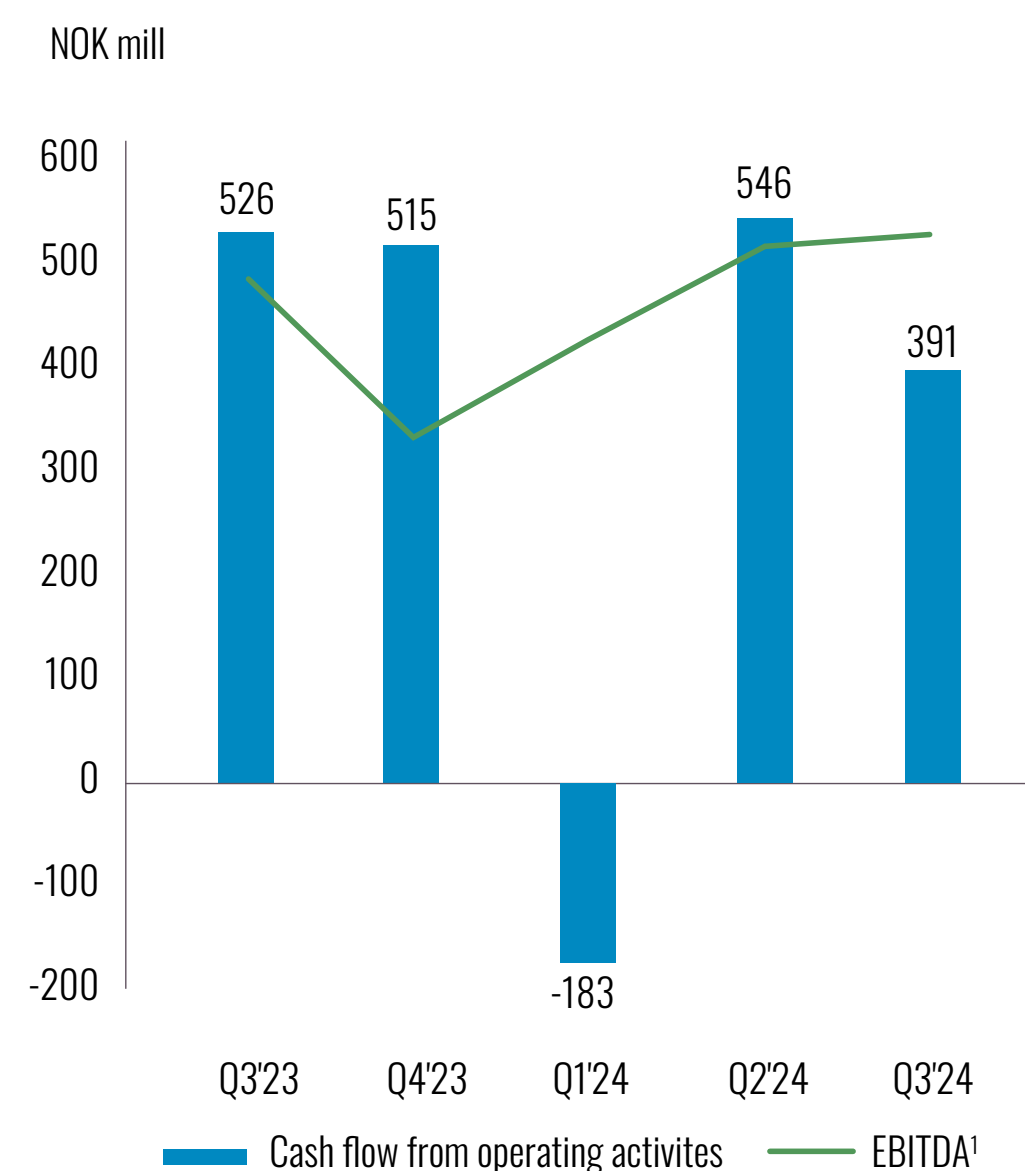
The increased result in BioSolutions was due to higher sales volume, reduced energy costs and improved product mix. In BioMaterials, total sales volume was 11% higher than in the first nine months of 2023. However, lower sales prices, higher wood costs and an increase in other operating expenses were the main reasons for the reduced EBITDA<sup>1</sup>. The improved result in Fine Chemicals was mainly due to higher deliveries both for fine chemical intermediates and bioethanol. The net currency effects were negative for the Group.

Operating profit was NOK 1,067 million (NOK 1,099 million). Net financial items amounted to NOK -158 million (NOK -110 million). Profit before tax was NOK 909 million (NOK 989 million). Tax expense was NOK -216 million (NOK -238 million), giving a tax rate of 24% (24%).

Earnings per share were NOK 6.96 (NOK 7.54).

In the first nine months of 2024, cash flow from operating activities was NOK 754 million (NOK 1,048 million). Increased net working capital was the main reason for the reduction in the cash flow from operating activities.

### CASH FLOW FROM OPERATING ACTIVITIES



## BUSINESS AREAS

### BIOSOLUTIONS

Amounts in NOK million	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
Operating revenues	1,031	956	3,236	3,038	3,944
EBITDA <sup>1</sup>	271	235	853	743	915
EBITDA margin <sup>1</sup> (%)	26.3	24.6	26.4	24.5	23.2

### THIRD QUARTER

Operating revenues in BioSolutions reached NOK 1,031 million (NOK 956 million). EBITDA<sup>1</sup> increased to NOK 271 million (NOK 235 million).

A 7% increase in sales volume was the main reason for the improved result, mainly due to higher sales to agriculture. Considering the higher sales volume, operating expenses were at the same level as the 3<sup>rd</sup> quarter last year. The net currency impact was slightly positive.

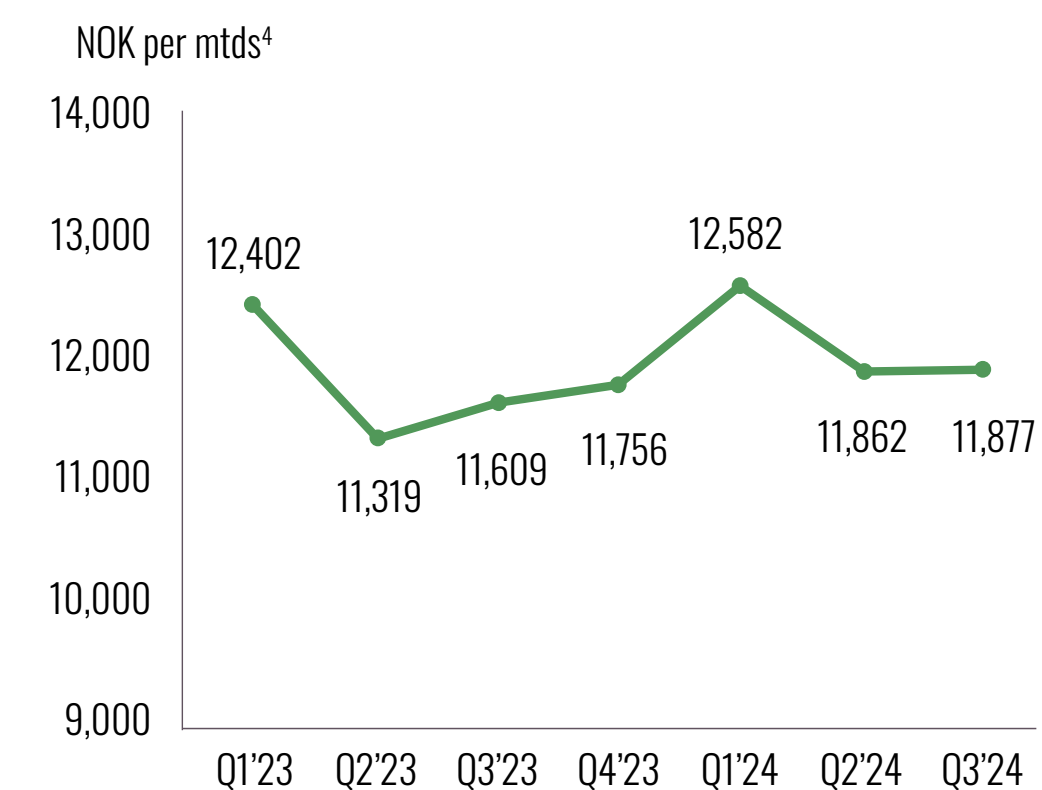
The average price in sales currency was in line with the same quarter in 2023.

The biovanillin market continued to be impacted by the high global supply of synthetic vanillin products.

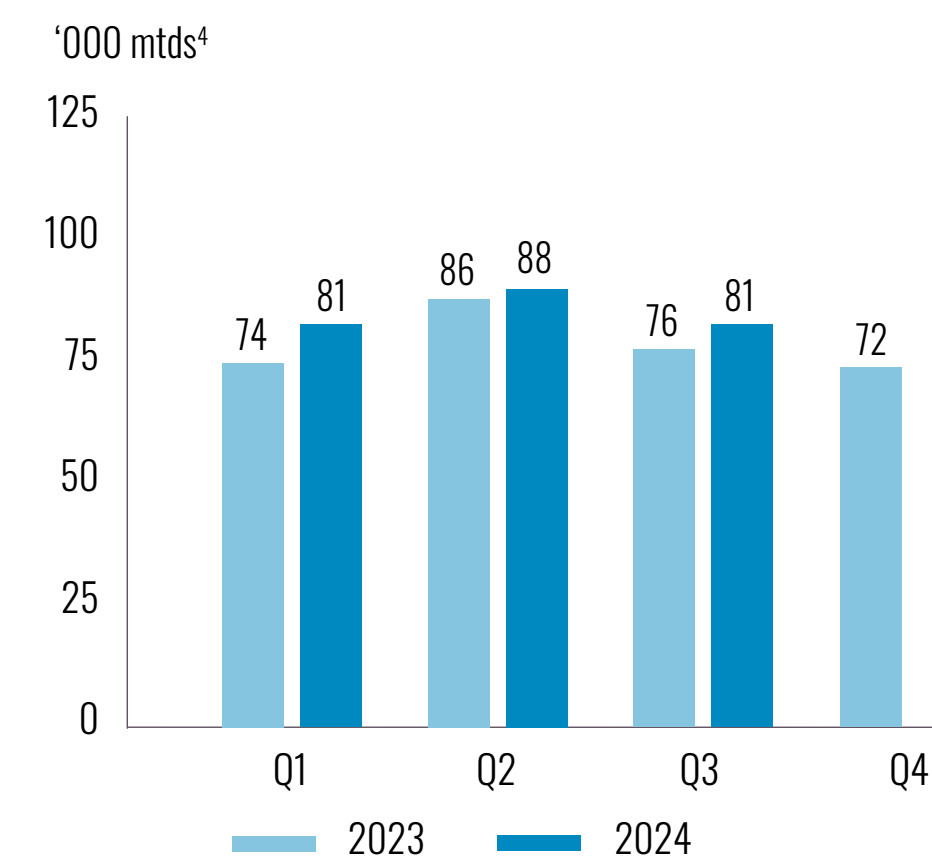
<sup>3</sup>Average sales price is calculated using actual FX rates, excluding hedging impact.

<sup>4</sup>Metric tonne dry solid.

### AVERAGE GROSS SALES PRICE<sup>3</sup>



### SALES VOLUME



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



### YEAR-TO-DATE (1.1-30.9)

In the first nine months of 2024, BioSolutions' operating revenues increased to NOK 3,236 million (NOK 3,038 million). EBITDA<sup>1</sup> reached NOK 853 million (NOK 743 million).

The increased result was due to higher sales volume, reduced energy costs and improved product mix. These effects were partly offset by cost inflation and a negative net currency impact.

The average price in sales currency was 1% higher than in the first nine months of 2023 due to strong development in sales to agriculture and batteries.

Total sales volume was 6% higher than in the first nine months of 2023 with a strong development in sales of specialities.

The biovanillin market was impacted by the high global supply of synthetic vanillin products.

<sup>1</sup>Alternative performance measure, see page 21 for definition.

<sup>2</sup>Figures in parentheses are for the corresponding period in the previous year.



## BIOMATERIALS

Amounts in NOK million	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
Operating revenues	683	568	2,009	1,913	2,439
EBITDA <sup>1</sup>	131	161	332	431	534
EBITDA margin <sup>1</sup> (%)	19.2	28.3	16.5	22.5	21.9

### THIRD QUARTER

Operating revenues in BioMaterials reached NOK 683 million (NOK 568 million). EBITDA<sup>1</sup> was NOK 131 million (NOK 161 million).

Significantly higher deliveries of speciality cellulose were more than offset by increased wood costs and other operating expenses. The higher sales volume was driven by increased sales of high-purity and cellulose ether grades. Net currency effects were insignificant.

The average price in sales currency increased by approximately 2% from the 2<sup>nd</sup> quarter of 2024 as sales price increases for certain cellulose grades were implemented in the 3<sup>rd</sup> quarter. Compared with the 3<sup>rd</sup> quarter of 2023, the average price in sales currency was 2% higher.

<sup>1</sup> Alternative performance measure, see page 21 for definition.

<sup>2</sup> Figures in parentheses are for the corresponding period in the previous year.

<sup>5</sup> Average sales price is calculated using actual FX rates, excluding hedging impact.

<sup>6</sup> Metric tonne.

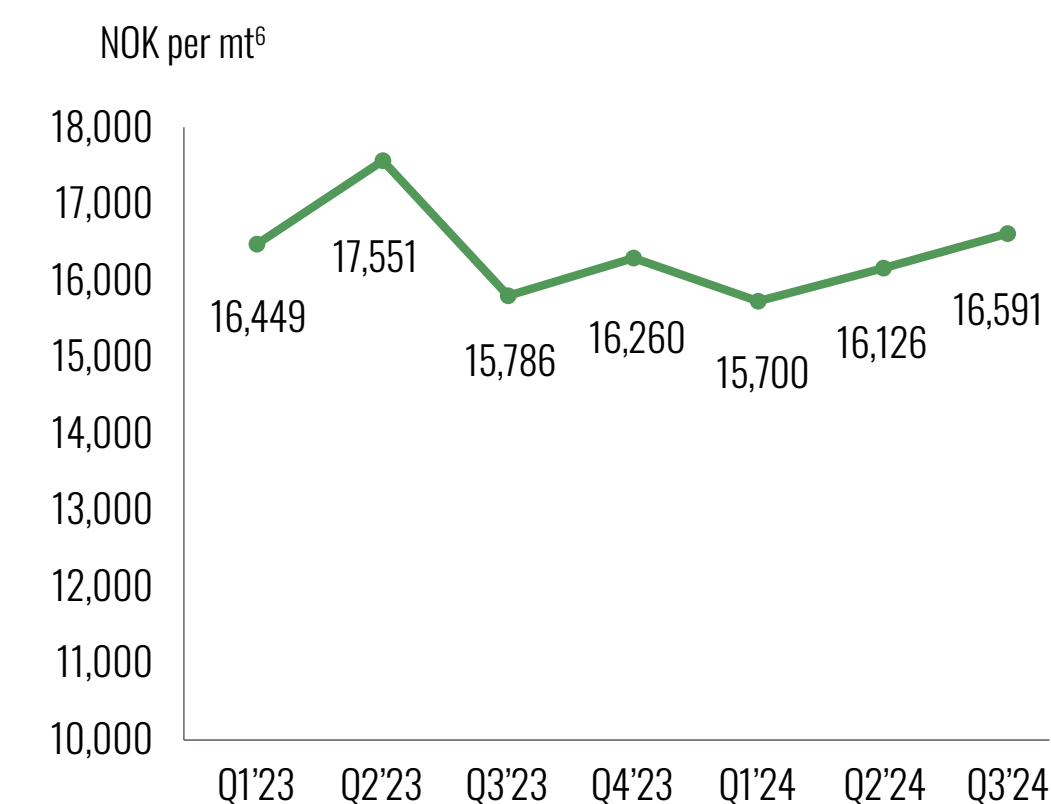
### YEAR-TO-DATE (1.1-30.9)

Operating revenues increased to NOK 2,009 million (NOK 1,913 million). EBITDA<sup>1</sup> was NOK 332 million (NOK 431 million).

Total sales volume was 11% higher than in the first nine months of 2023. However, lower sales prices, higher wood costs and an increase in other operating expenses were the main reasons for the reduced EBITDA<sup>1</sup>. Net currency effects were negative.

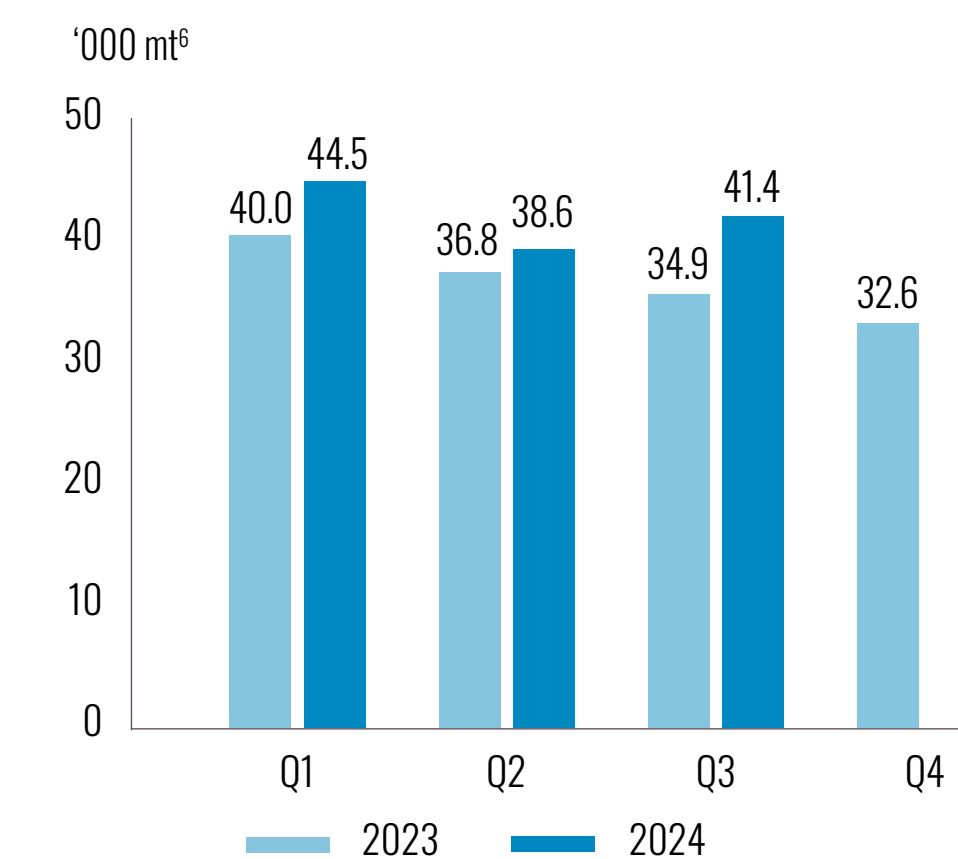
The average price in sales currency was 5% lower than in the same period last year.

### AVERAGE GROSS SALES PRICE<sup>5</sup>



Sales price include speciality cellulose and cellulose fibrils.

### SALES VOLUME



Sales volume include speciality cellulose and cellulose fibrils



## FINE CHEMICALS

Amounts in NOK million	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
Operating revenues	246	199	661	606	786
EBITDA <sup>1</sup>	122	86	291	280	332
EBITDA margin <sup>1</sup> (%)	49.6	43.2	44.0	46.2	42.2

### THIRD QUARTER

Fine Chemicals' operating revenues reached NOK 246 million (NOK 199 million). EBITDA<sup>1</sup> increased to NOK 122 million (NOK 86 million).

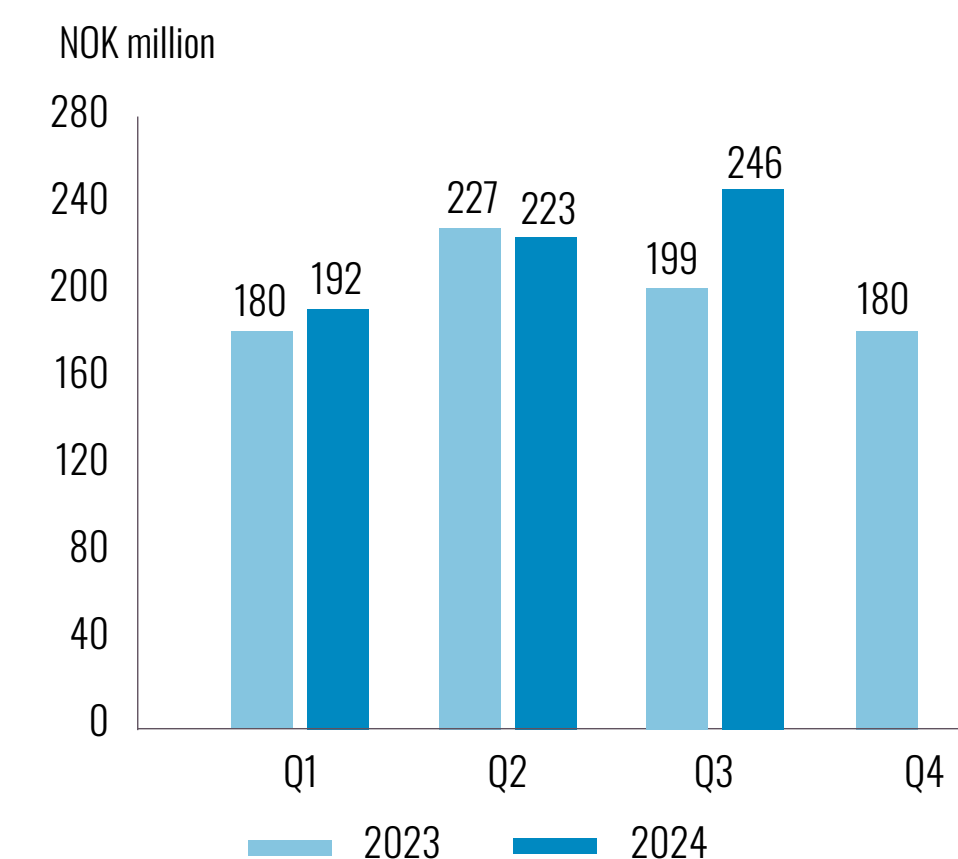
The main reasons for the stronger result were significantly higher deliveries of bioethanol and a favourable product mix for fine chemical intermediates. The net currency impact in Fine Chemicals was insignificant.

### YEAR-TO-DATE (1.1-30.9)

Operating revenues in Fine Chemicals increased to NOK 661 million (NOK 606 million). EBITDA<sup>1</sup> reached NOK 291 million (NOK 280 million).

The result for fine chemical intermediates increased compared with the first nine months of 2023 whereas the result in bioethanol was in line with the corresponding period in 2023. The improvement for fine chemical intermediates was due to higher deliveries. Sales prices were reduced as a result of price reductions for the main raw material. For bioethanol, deliveries increased whereas costs were higher compared with the same period last year. The net currency impact in Fine Chemicals was insignificant.

### FINE CHEMICALS – OPERATING REVENUES



<sup>1</sup> Alternative performance measure, see page 21 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 3<sup>rd</sup> quarter of 2023, the net impact of foreign exchange on EBITDA<sup>1</sup>, including hedging effects, was NOK 5 million. Hedging effects were NOK -86 million (NOK -62 million) in the quarter.

Compared with the first nine months of 2023, the net impact of foreign exchange on EBITDA<sup>1</sup>, including hedging effects, was NOK -30 million. Hedging effects were NOK -272 million (NOK -175 million) in the first nine months.

Assuming currency rates as of 29 October 2024 (USD 10.99 and EUR 11.84) and based on currency exposure

forecasts, Borregaard expects a net impact of foreign exchange on EBITDA<sup>1</sup> of approximately NOK 10 million in the 4<sup>th</sup> quarter of 2024 and NOK -20 million for the full year of 2024, compared with the corresponding periods last year.

## CASH FLOW AND FINANCIAL SITUATION

### THIRD QUARTER

Cash flow from operating activities was NOK 391 million (NOK 526 million). The cash flow in the period was positively affected by the cash effect from a high EBITDA<sup>1</sup> whereas net working capital increased.

### YEAR-TO-DATE (1.1-30.9)

In the first nine months of 2024, cash flow from operating activities was NOK 754 million (NOK 1,048 million). Increased net working capital was the main reason for the reduction in the cash flow from operating activities. Increased accounts

receivable from higher sales has affected net working capital negatively. In addition, financial costs were higher compared with the first nine months of 2023.

Investments amounted to NOK 574 million (NOK 498 million). Replacement investments were NOK 354 million (NOK 300 million), where the largest expenditure was related to the investment to reduce CO<sub>2</sub> emissions, improve energy efficiency and increase energy flexibility at the biorefinery in Norway. Expansion investments<sup>1</sup> totalled NOK 220 million (NOK 198 million), where the largest expenditures were related to investment in Alginor ASA and specialisation projects within BioSolutions.

Dividend of NOK 374 million (NOK 324 million) was paid out in the 2<sup>nd</sup> quarter. In the first nine months of 2024, the Group has sold and repurchased treasury shares with net proceeds of NOK -8 million (NOK -4 million). Realised effect of hedging of net investments in subsidiaries was NOK -35 million (NOK -76 million).

On 30 September 2024, the Group had net interest-bearing debt<sup>1</sup> totalling NOK 2,073 million (NOK 1,879 million), an increase of NOK 282 million from year-end 2023.

At the end of September, the Group was well capitalised with an equity ratio<sup>1</sup> of 55.6% (50.6%) and a leverage ratio<sup>1</sup> of 1.15 (1.03).

<sup>1</sup>Alternative performance measure, see page 21 for definition.

## SHARE INFORMATION

During the 3<sup>rd</sup> quarter, 15,000 share options were exercised at a strike price of NOK 87.60 per share. In the quarter, Borregaard repurchased a total of 15,000 treasury shares at an average price of NOK 198.96.

Total number of shares outstanding on 30 September 2024 was 100 million, including 250,200 treasury shares. Total number of shareholders was 8,567. Borregaard ASA's share price was NOK 198.40 at the end of the 3<sup>rd</sup> quarter (NOK 171.40 at the end of 2023).

---

## OTHER MATTERS AND SUBSEQUENT EVENTS

### NEW SUPPLY CONTRACT FOR ELECTRIC POWER WITH HAFSLUND

Borregaard and the Norwegian hydropower producer Hafslund have entered into a new long-term power purchase agreement, for the period 2025 to 2034. The annual contract volume is 88 GWh, representing 10–15% of the Sarpsborg site's annual consumption. See notice to Oslo Stock Exchange on 20 September 2024.

### BORREGAARD TO INCREASE CAPACITY BY DEBOTTLENECKING THE SARPSBORG SITE

Borregaard will invest NOK 490 million to debottleneck and increase the capacity at the Sarpsborg site. This investment is part of the expansion investment plan announced at the Capital Markets Day in September 2024.

The debottlenecking is the first out of the two planned investments to increase capacity at the Sarpsborg site towards 2027. In total, the

expected capacity increase is 5-10%. Production output is expected to increase gradually from the second half of 2026.

In addition to increasing capacity for speciality cellulose, lignin-based biopolymers and bioethanol, this investment will enable higher raw material utilisation and reduce effluents to water.



## OUTLOOK

In BioSolutions, total sales volume in the 4<sup>th</sup> quarter is expected to be 70-75,000 tonnes with continued strong sales to agriculture. For biovanillin, the market will continue to be impacted by the high global supply of synthetic vanillin products.

In the 4<sup>th</sup> quarter, sales volume for BioMaterials is expected to be approximately 35,000 tonnes.

In Fine Chemicals, deliveries of both bioethanol and fine chemical intermediates are expected to be significantly lower in the 4<sup>th</sup> quarter compared with the high deliveries in the 3<sup>rd</sup> quarter.

In the 4<sup>th</sup> quarter, energy consumption and spot prices as well as energy related raw material prices are expected to seasonally increase compared with the 3<sup>rd</sup> quarter. In addition, the annual maintenance stop at the Sarpsborg site will affect production

volume in the 4<sup>th</sup> quarter.

War and conflicts in Ukraine and the Middle East as well as uncertainty in the global economy may impact Borregaard's markets and costs. Borregaard will continue to closely monitor developments and implement relevant measures if required.

Sarpsborg, 29 October 2024

*The Board of Directors of Borregaard ASA*





# CONTENTS

## FINANCIAL STATEMENTS

The Group's interim condensed income statement .....	13
Interim earnings per share .....	13
The Group's interim condensed comprehensive income statement .....	13
The Group's interim condensed statement of financial position .....	14
Interim condensed changes in equity .....	14
The Group's interim condensed cash flow statement .....	15
Notes .....	16
Alternative performance measures .....	21





## THE GROUP'S INTERIM CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2024	2023	2024	2023	2023
<b>Operating revenues</b>	2	<b>1,949</b>	<b>1,714</b>	<b>5,873</b>	<b>5,527</b>	<b>7,132</b>
Operating expenses		-1,425	-1,232	-4,397	-4,073	-5,351
Depreciation property, plant and equipment		-138	-121	-405	-351	-485
Amortisation intangible assets		-1	-1	-4	-4	-5
<b>Operating profit</b>		<b>385</b>	<b>360</b>	<b>1,067</b>	<b>1,099</b>	<b>1,291</b>
Financial items, net	3	-59	-42	-158	-110	-167
<b>Profit before taxes</b>		<b>326</b>	<b>318</b>	<b>909</b>	<b>989</b>	<b>1,124</b>
Income tax expense	4	-78	-76	-216	-238	-268
<b>Profit for the period</b>		<b>248</b>	<b>242</b>	<b>693</b>	<b>751</b>	<b>856</b>
Profit attributable to non-controlling interests		-2	5	-1	-	-14
Profit attributable to owners of the parent		250	237	694	751	870
<b>EBITDA<sup>1</sup></b>		<b>524</b>	<b>482</b>	<b>1,476</b>	<b>1,454</b>	<b>1,781</b>

## INTERIM EARNINGS PER SHARE

Amounts in NOK		1.7 - 30.9		1.1 - 30.9		1.1-31.12
		2024	2023	2024	2023	2023
Earnings per share (100 mill. shares)	5	2.51	2.38	6.96	7.54	8.73
Diluted earnings per share	5	2.50	2.37	6.95	7.51	8.71

<sup>1</sup>Alternative performance measure, see page 21 for definition.

## THE GROUP'S INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2024	2023	2024	2023	2023
<b>Profit for the period</b>		<b>248</b>	<b>242</b>	<b>693</b>	<b>751</b>	<b>856</b>
<b>Items not to be reclassified to P&amp;L</b>		-	-	-	-	-
Actuarial gains and losses (after tax)		-	-	-	-	46
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46</b>
<b>Items to be reclassified to P&amp;L</b>		-	-	-	-	-
Change in hedging-reserve after tax (cash flow)	7	-61	214	-93	-343	-129
Change in hedging-reserve after tax (net investment in subsidiaries)	7	6	13	-29	-56	-25
Translation effects		-6	-30	38	92	45
<b>Total</b>		<b>-61</b>	<b>197</b>	<b>-84</b>	<b>-307</b>	<b>-109</b>
<b>The Group's comprehensive income</b>		<b>187</b>	<b>439</b>	<b>609</b>	<b>444</b>	<b>793</b>
Comprehensive income non-controlling interests		-3	4	-	4	-12
Comprehensive income owners of the parent		190	435	609	440	805

## THE GROUP'S INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	Note	30.9.2024	31.12.2023
Intangible assets	12	76	84
Property, plant and equipment	12	4,801	4,661
Right-of-use assets		483	527
Other assets	8	354	437
Investments in joint venture/associate companies	3	424	289
<b>Non-current assets</b>		<b>6,138</b>	<b>5,998</b>
Inventories		1,360	1,447
Receivables	8	1,563	1,201
Cash and cash deposits	10	172	469
<b>Current assets</b>		<b>3,095</b>	<b>3,117</b>
<b>Total assets</b>		<b>9,233</b>	<b>9,115</b>
Group equity	9	5,098	4,855
Non-controlling interests		39	39
<b>Equity</b>		<b>5,137</b>	<b>4,894</b>
Provisions and other liabilities		400	401
Interest-bearing liabilities	8, 10	1,938	2,016
<b>Non-current liabilities</b>		<b>2,338</b>	<b>2,417</b>
Interest-bearing liabilities	8, 10	309	246
Other current liabilities	8	1,449	1,558
<b>Current liabilities</b>		<b>1,758</b>	<b>1,804</b>
<b>Equity and liabilities</b>		<b>9,233</b>	<b>9,115</b>
Equity ratio <sup>1</sup>		55.6%	53.7 %

## INTERIM CONDENSED CHANGES IN EQUITY

Amounts in NOK million	Note	1.1 - 30.9.2024			1.1 - 31.12.2023		
		Controlling interests	Non-controlling interests	Total equity	Controlling interests	Non-controlling interests	Total equity
Equity 1 January		4,855	39	4,894	4,394	51	4,445
<b>Profit/loss for the period</b>		<b>694</b>	<b>-1</b>	<b>693</b>	<b>870</b>	<b>-14</b>	<b>856</b>
Items in Comprehensive Income	7	-85	1	-84	-65	2	-63
<b>The Group's Comprehensive income</b>	<b>7</b>	<b>609</b>	<b>-</b>	<b>609</b>	<b>805</b>	<b>-12</b>	<b>793</b>
Paid dividend		-374	-	-374	-324	-	-324
Buy-back of treasury shares		-59	-	-59	-92	-	-92
Exercise of share options		30	-	30	32	-	32
Shares to employees		28	-	28	30	-	30
Option costs (share based payment)		9	-	9	10	-	10
Transactions with non-controlling interests		-	-	-	-	-	-
<b>Equity at the end of the period</b>		<b>5,098</b>	<b>39</b>	<b>5,137</b>	<b>4,855</b>	<b>39</b>	<b>4,894</b>

<sup>1</sup> Alternative performance measure, see page 21 for definition.



## THE GROUP'S INTERIM CONDENSED CASH FLOW STATEMENT

Amounts in NOK million	Note	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2024	2023	2024	2023	2023
Profit before taxes		326	318	909	989	1,124
Amortisation, depreciation and impairment charges		139	122	409	355	490
Changes in net working capital, etc.		-69	87	-341	-87	205
Dividend/share of profit from JV & associate company	3	6	1	16	9	9
Taxes paid		-11	-2	-239	-218	-265
<b>Cash flow from operating activities</b>		<b>391</b>	<b>526</b>	<b>754</b>	<b>1,048</b>	<b>1,563</b>
Investments property, plant and equipment and intangible assets *		-137	-130	-424	-374	-667
Investments in associate companies* and bio-based start-ups	3	-150	-	-150	-124	-171
Other capital transactions		3	2	10	7	9
<b>Cash flow from investing activities</b>		<b>-284</b>	<b>-128</b>	<b>-564</b>	<b>-491</b>	<b>-829</b>
Dividends		-	-	-374	-324	-324
Proceeds from exercise of options/shares to employees	9	1	-	51	45	49
Buy-back of treasury shares	6	-3	-	-59	-49	-92
Gain/(loss) on hedges for net investments in subsidiaries		5	12	-35	-76	-38
<b>Net paid to/from shareholders</b>		<b>3</b>	<b>12</b>	<b>-417</b>	<b>-404</b>	<b>-405</b>
Proceeds from interest-bearing liabilities	10	-	-	500	800	800
Repayment from interest-bearing liabilities	10	-270	-28	-694	-488	-843
Change in interest-bearing liabilities/other instruments	10	-3	-9	27	51	33
<b>Change in net interest-bearing liabilities</b>		<b>-273</b>	<b>-37</b>	<b>-167</b>	<b>363</b>	<b>-10</b>
<b>Cash flow from financing activities</b>		<b>-270</b>	<b>-25</b>	<b>-584</b>	<b>-41</b>	<b>-415</b>
<b>Change in cash and cash equivalents</b>		<b>-163</b>	<b>373</b>	<b>-394</b>	<b>516</b>	<b>319</b>

## THE GROUP'S INTERIM CONDENSED CASH FLOW STATEMENT cont.

Amounts in NOK million	Note	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2024	2023	2024	2023	2023
Cash and cash equivalents at beginning of period		212	278	429	111	111
Change in cash and cash equivalents		-163	373	-394	516	319
Currency effects cash and cash equivalents		-4	-6	10	18	-1
<b>Cash and cash equivalents at the close of the period</b>	<b>10</b>	<b>45</b>	<b>645</b>	<b>45</b>	<b>645</b>	<b>429</b>

### \*Investment by category

Replacement investments		122	110	354	300	550
Expansion investments <sup>1</sup> including investment in associate companies and bio-based start-ups		165	20	220	198	288
Total investments including investment in associate companies and bio-based start-ups		287	130	574	498	838

<sup>1</sup> Alternative performance measure, see page 21 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 2023 for the Borregaard Group.

### Use of estimates

The same use of estimates has been applied as in the Consolidated Financial Statements for 2023.

## NOTE 02 Segments

### OPERATING REVENUES

Amounts in NOK million	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
<b>Borregaard</b>	<b>1,949</b>	<b>1,714</b>	<b>5,873</b>	<b>5,527</b>	<b>7,132</b>
BioSolutions	1,031	956	3,236	3,038	3,944
BioMaterials	683	568	2,009	1,913	2,439
Fine Chemicals	246	199	661	606	786
Eliminations	-11	-9	-33	-30	-37

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

<sup>1</sup> Alternative performance measure, see page 21 for definition.

### EBITDA<sup>1</sup>

Amounts in NOK million	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
<b>Borregaard</b>	<b>524</b>	<b>482</b>	<b>1,476</b>	<b>1,454</b>	<b>1,781</b>
BioSolutions	271	235	853	743	915
BioMaterials	131	161	332	431	534
Fine Chemicals	122	86	291	280	332
<b>Reconciliation against operating profit &amp; profit before tax</b>					
<b>EBITDA<sup>1</sup></b>	<b>524</b>	<b>482</b>	<b>1,476</b>	<b>1,454</b>	<b>1,781</b>
Depreciations and write downs	-138	-121	-405	-351	-485
Amortization intangible assets	-1	-1	-4	-4	-5
Other income and expenses <sup>1</sup>	-	-	-	-	-
<b>Operating profit</b>	<b>385</b>	<b>360</b>	<b>1,067</b>	<b>1,099</b>	<b>1,291</b>
Financial items, net	-59	-42	-158	-110	-167
<b>Profit before taxes</b>	<b>326</b>	<b>318</b>	<b>909</b>	<b>989</b>	<b>1,124</b>

### SALES REVENUES

Amounts in NOK million	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
<b>Borregaard</b>	<b>1,921</b>	<b>1,688</b>	<b>5,792</b>	<b>5,450</b>	<b>7,024</b>
BioSolutions	1,004	934	3,160	2,969	3,849
BioMaterials	673	557	1,977	1,880	2,395
Fine Chemicals	244	197	655	601	780
Eliminations	-	-	-	-	-

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



**NOTE 03** Financial items**NET FINANCIAL ITEMS**

Amounts in NOK million	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
Net interest expenses	-40	-37	-121	-101	-141
Currency gain/loss	-9	-4	-11	1	-15
Share of profit/-loss from associates	-6	-2	-16	-5	-9
Other financial items, net	-4	1	-10	-5	-2
<b>Net financial items</b>	<b>-59</b>	<b>-42</b>	<b>-158</b>	<b>-110</b>	<b>-167</b>

As of 30 September 2024, Borregaard holds 35% of the shares in Alginor ASA on a fully diluted basis. Borregaard also holds 12% of the shares in Kaffe Bueno ApS.

Other financial items, net includes changes in committed return on the Group's unfunded pension plan.

**NOTE 04** Income tax expense

The tax rate of 23.8% (24.1%) for the first nine months of 2024 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 associated companies, Alginor ASA and Kaffe Bueno ApS, is accounted for as part of operating profit and 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 05** Earnings per share (EPS)

The share capital consists of 100 million shares. The company holds 250,200 treasury shares. As of 30 September 2024, there are 99,822,477 diluted

shares (99,753,459 as of 31 December 2023). Earnings per diluted share were NOK 2.50 in the 3<sup>rd</sup> quarter (NOK 2.37 in the 3<sup>rd</sup> quarter of 2023).

<sup>1</sup>Alternative performance measure, see page 21 for definition.

**NOTE 06** Stock options

During the 3<sup>rd</sup> quarter, 15,000 share options at a strike price of NOK 87.60 per share were exercised.

employees hold a total of 1,129,000 stock options in five different share option programmes in Borregaard.

The Group Executive Management and other key

Stock options	Issued 2020	Issued 2021	Issued 2022	Issued 2023	Issued 2024
Number of stock options	65,000	243,000	200,000	250,000	371,000
Strike price (NOK)*	87.60	168.70	216.75	187.00	195.35
Vesting period	3 years	3 years	3 years	3 years	3 years
Expiry date	13 February 2025	16 February 2026	17 February 2027	1 March 2028	27 February 2029

\* Strike prices as at 30 June 2024 have been adjusted for dividend paid since issuance of stock options.

**NOTE 07** 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	30.9.2024		30.9.2023		31.12.2023	
	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	-94	-80	-130	-80	-69	-72
Hedging reserve after tax	-338	-250	-459	-252	-245	-221



**NOTE 08** 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 transfer of financial instruments from level 1 to level 2 from 2023 to the 1<sup>st</sup> quarter of 2024. There have been no transfers from the 1<sup>st</sup> to

the 3<sup>rd</sup> quarter of 2024. Borregaard consequently 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 September 2024:

**FINANCIAL ASSETS**

Amounts in NOK million	Level	30.9.2024		31.12.2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial receivables	2	180	180	185	185
Non-current derivatives	2	15	15	93	93
Share investments	1	-	-	28	28
Share investments	2	28	28	-	-
Current derivatives	2	17	17	31	31
<b>Total financial assets</b>		<b>240</b>	<b>240</b>	<b>337</b>	<b>337</b>

**FINANCIAL LIABILITIES**

Non-current financial liabilities	2, 3	1,940	1,940	2,018	2,018
Non-current derivatives	2	191	191	176	176
Current financial liabilities	2	309	309	246	246
Current derivatives	2	272	272	255	255
<b>Total financial liabilities</b>		<b>2,712</b>	<b>2,712</b>	<b>2,695</b>	<b>2,695</b>

**FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE**

Amounts in NOK million	Level 1	Level 2	Level 3
<b>Financial instruments 30.9.2024</b>	-2,472	-	-500
<b>Financial instruments 31.12.2023</b>	-2,358	28	-500

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 9** Compilation of Equity

Amounts in NOK million	30.9.2024	31.12.2023
Share capital	100	100
Treasury shares	-	-
Share premium	1,346	1,346
Other paid-in capital	1,020	953
Translation effects	288	251
Hedging reserve (after tax)	-588	-466
Actuarial gains/Losses	88	88
Retained earnings	2,844	2,583
<b>Group equity (controlling interests)</b>	<b>5,098</b>	<b>4,855</b>

As of 30 September 2024, the company held 250,200 treasury shares at an average cost of NOK 189.91.

**NOTE 10** Net interest-bearing debt<sup>1</sup>

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

Amounts in NOK million	30.9.2024	31.12.2023
Non-current interest-bearing liabilities	1,938	2,016
Current interest-bearing liabilities including overdraft of cashpool	309	246
Non-current interest-bearing receivables (included in "Other Assets")	-2	-2
Cash and cash deposits	-172	-469
<b>Net interest-bearing debt<sup>1</sup></b>	<b>2,073</b>	<b>1,791</b>
- of which impact of IFRS 16 Leases	527	563

<sup>1</sup>Alternative performance measure, see page 21 for definition.

**NOTE 11** Related parties

The members of the Group Executive Management of Borregaard held a total of 507,000 stock options in the Company as of 30 September 2024.

**NOTE 12** Assessments relating to impairment

No impairment indicators have been identified in the Borregaard Group's property, plant and equipment or intangible assets in the 3<sup>rd</sup> quarter of 2024.

**NOTE 13** Other matters and subsequent events  
**New supply contract for electric power with Hafslund**

Borregaard and the Norwegian hydropower producer Hafslund have entered into a new long-term power purchase agreement, for the period 2025 to 2034. The annual contract volume is 88 GWh, representing 10–15% of the Sarpsborg site's annual consumption. See notice to Oslo Stock Exchange on 20 September 2024.

**Borregaard to increase capacity by debottlenecking the Sarpsborg site**

Borregaard will invest NOK 490 million to debottleneck and increase the capacity at the Sarpsborg site. This investment is part of the expansion investment plan announced at the Capital Markets Day in September 2024.

The debottlenecking is the first out of the two planned investments to increase capacity at the Sarpsborg site towards 2027. In total, the expected capacity increase is 5-10%. Production output is expected to increase gradually from the second half of 2026.

In addition to increasing capacity for speciality cellulose, lignin-based biopolymers and bioethanol, this investment will enable higher raw material utilisation and reduce effluents to water.

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



## 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.





## EBITDA

### Description

EBITDA is defined by Borregaard as operating profit before depreciation, amortisation and other income and expenses.

### Reason for including

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	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
Operating profit	385	360	1,067	1,099	1,291
Other income and expenses	-	-	-	-	-
Amortisation intangible assets	1	1	4	4	5
Depreciation and impairment property, plant and equipment	138	121	405	351	485
<b>EBITDA</b>	<b>524</b>	<b>482</b>	<b>1,476</b>	<b>1,454</b>	<b>1,781</b>

## EBITDA MARGIN

### Description

EBITDA margin is defined by Borregaard as EBITDA divided by operating revenues.

### Reason for including

Shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue.

EBITDA MARGIN	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2024	2023	2024	2023	2023
EBITDA	524	482	1,476	1,454	1,781
Operating revenues	1,949	1,714	5,873	5,527	7,132
<b>EBITDA margin (%) (EBITDA/operating revenues)</b>	<b>26.9</b>	<b>28.1</b>	<b>25.1</b>	<b>26.3</b>	<b>25.0</b>

## EQUITY RATIO

### Description

Equity ratio is defined by Borregaard as equity (including non-controlling interests) divided by equity and liabilities.

### Reason for including

Equity ratio is an important measure in describing the capital structure.

EQUITY RATIO	30.9.2024	30.9.2023	31.12.2023
Total equity	5,137	4,575	4,894
Equity & liabilities	9,233	9,045	9,115
<b>Equity ratio (%) (total equity/equity &amp; liabilities)</b>	<b>55.6</b>	<b>50.6</b>	<b>53.7</b>



## EXPANSION INVESTMENTS

### Description

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, investments in bio-based start-ups, pilot plants, capitalised research and development costs and new distribution set-ups.

### Reason for including

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.

	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
EXPANSION INVESTMENTS	2024	2023	2024	2023	2023
Total investments including investment in associate companies and bio-based start-ups	287	130	574	498	838
Replacement investments	-122	-110	-354	-300	-550
<b>Expansion investments including investment in associate companies and bio-based start-ups</b>	<b>165</b>	<b>20</b>	<b>220</b>	<b>198</b>	<b>288</b>

## OTHER INCOME AND EXPENSES

### Description

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.

### Reason for including

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.

	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
OTHER INCOME & EXPENCES	2024	2023	2024	2023	2023
<b>Other income &amp; expences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NET INTEREST-BEARING DEBT

### Description

Net interest-bearing debt is defined by Borregaard as interest-bearing liabilities minus interest-bearing assets.

### Reason for including

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	30.9.2024	30.9.2023	31.12.2023
Non-current interest-bearing liabilities	1,938	2,008	2,016
Current interest-bearing liabilities including overdraft of cashpool	309	580	246
Non-current interest-bearing receivables (included in "Other assets")	-2	-2	-2
Cash and cash deposits	-172	-707	-469
<b>Net interest-bearing debt</b>	<b>2,073</b>	<b>1,879</b>	<b>1,791</b>

## LEVERAGE RATIO

### Description

Leverage ratio is defined by Borregaard as net interest bearing debt divided by last twelve months' (LTM) EBITDA.

### Reason for including

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	30.9.2024	30.9.2023	31.12.2023
Net interest-bearing debt	2,073	1,879	1,791
EBITDA	1,803	1,818	1,781
<b>Leverage ratio (net interest-bearing debt/EBITDA)</b>	<b>1.15</b>	<b>1.03</b>	<b>1.01</b>

## CAPITAL EMPLOYED

### Description

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.

### Reason for including

Borregaard uses capital employed as basis for calculating ROCE.

CAPITAL EMPLOYED (END OF PERIOD)	30.9.2024	30.9.2023	31.12.2023
Capital employed (end of period)	7,813	7,191	7,142



## RETURN ON CAPITAL EMPLOYED (ROCE)

### Description

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.

### Reason for including

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)	30.9.2024	30.9.2023	31.12.2023
Capital employed end of:			
Q3, 2022	-	7,015	-
Q4, 2022	-	6,802	6,802
Q1, 2023	-	7,142	7,142
Q2, 2023	-	7,216	7,216
Q3, 2023	7,191	7,191	7,191
Q4, 2023	7,142	-	7,142
Q1, 2024	7,789	-	-
Q2, 2024	7,582	-	-
Q3, 2024	7,813	-	-
<b>Average capital employed</b>	<b>7,503</b>	<b>7,073</b>	<b>7,099</b>
<b>CAPITAL CONTRIBUTION</b>	<b>30.9.2024</b>	<b>30.9.2023</b>	<b>31.12.2023</b>
Operating profit	1,259	1,327	1,291
Other income and expenses	-	20	-
Amortisation intangible assets	5	6	5
<b>Capital contribution</b>	<b>1,264</b>	<b>1,353</b>	<b>1,296</b>
<b>RETURN ON CAPITAL EMPLOYED (ROCE)</b>	<b>30.9.2024</b>	<b>30.9.2023</b>	<b>31.12.2023</b>
Capital contribution	1,264	1,353	1,296
Average capital employed	7,503	7,073	7,099
<b>Return on capital employed (ROCE) (%) (capital contribution/average capital employed)</b>	<b>16.8</b>	<b>19.1</b>	<b>18.3</b>



# Q3 2024

---



Borregaard ASA  
P.O. Box 162, NO-1701 Sarpsborg, Norway  
Telephone: (+47) 69 11 80 00 Fax: (+47) 69 11 87 70  
E-mail: [borregaard@borregaard.com](mailto:borregaard@borregaard.com) [www.borregaard.com](http://www.borregaard.com)