

A close-up photograph of a person's hand, wearing a black rubber boot, sowing small yellow seeds into dark, rich soil. The background is blurred, showing more of the field and the person's legs in similar boots. The lighting is warm, suggesting late afternoon or early morning.

1st Quarter 2024

Oslo, 24 April 2024

Agenda

Per A Sørli, President & CEO

- Highlights
- Business segments
- Environmental investment
- Outlook

Per Bjarne Lyngstad, CFO

- Financial performance



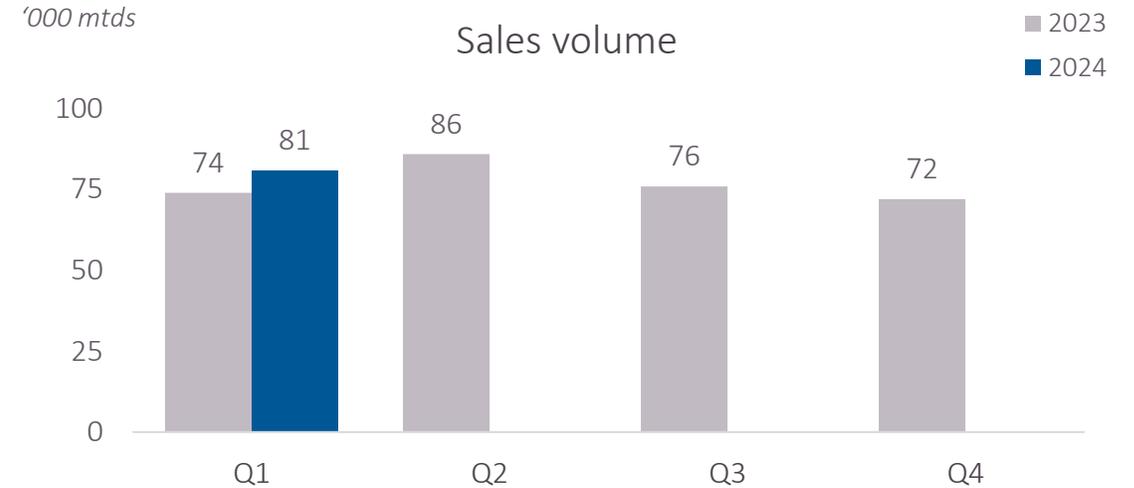
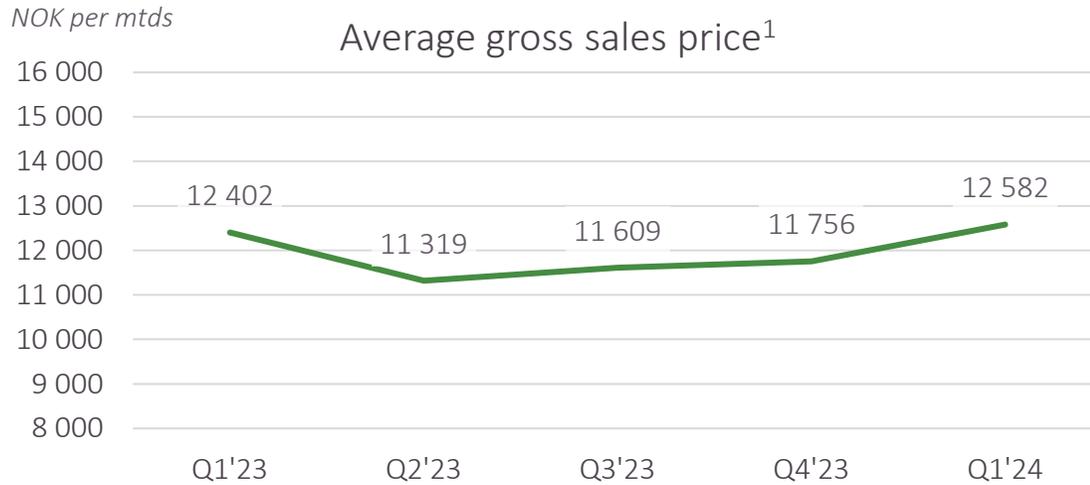
Highlights – 1st quarter 2024

- EBITDA¹ NOK 442 million (NOK 435 million)
- Increased result and sales volume in BioSolutions
- Higher sales volume and reduced sales prices in BioMaterials
- Lower result in Fine Chemicals with low deliveries of bioethanol
- Reduced costs for energy and chemicals partly offset by increased wood costs
- Slightly negative net currency effects
- Cash flow impacted by high sales towards the end of the quarter



¹ Alternative performance measure, see Appendix for definition

BioSolutions markets – Q1



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

Average price in sales currency 2% below Q1-23

- Reduction mainly due to changes in product mix
- Strong development in sales to agriculture and batteries

Sales volume 9% above Q1-23

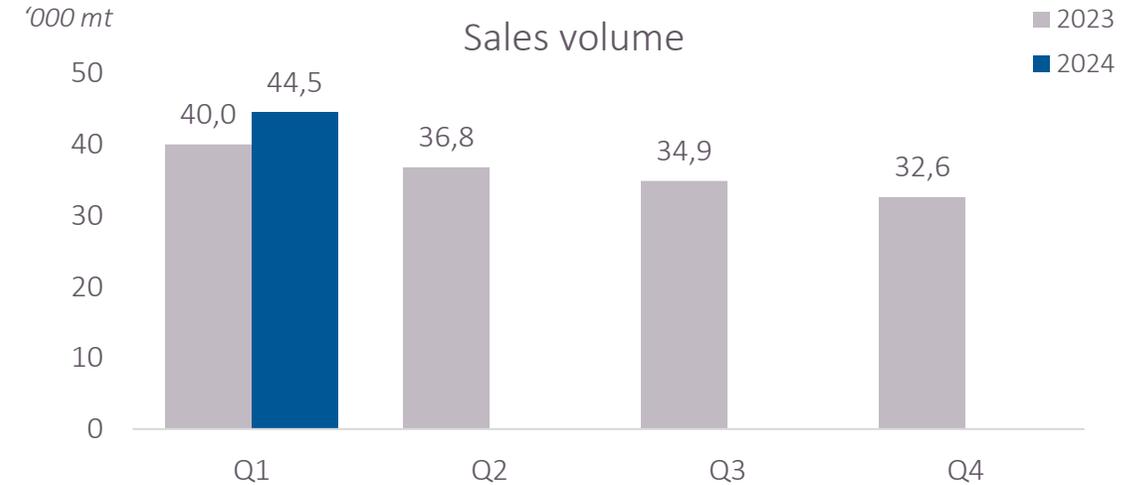
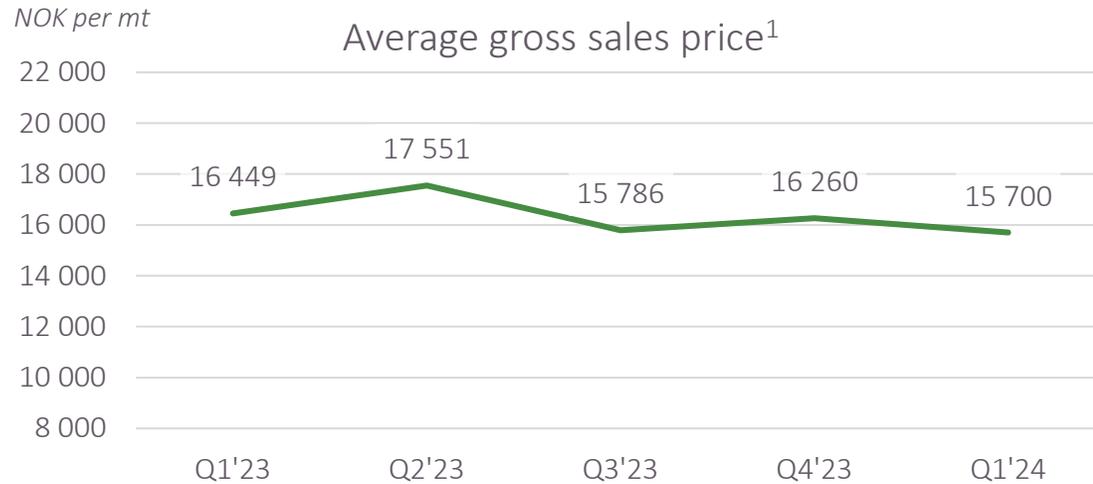
- Increased sales to agriculture

Biovanillin market continued to be impacted by high global supply of synthetic products

Slightly negative FX effects

¹ Average sales price is calculated using actual FX rates, excluding hedging impact

BioMaterials markets – Q1



Sales price and sales volume include speciality cellulose and cellulose fibrils

Sales volume 11% above Q1-23

- Sales volume higher than production volume
- Higher sales volume and sales of highly specialised grades vs Q1-23

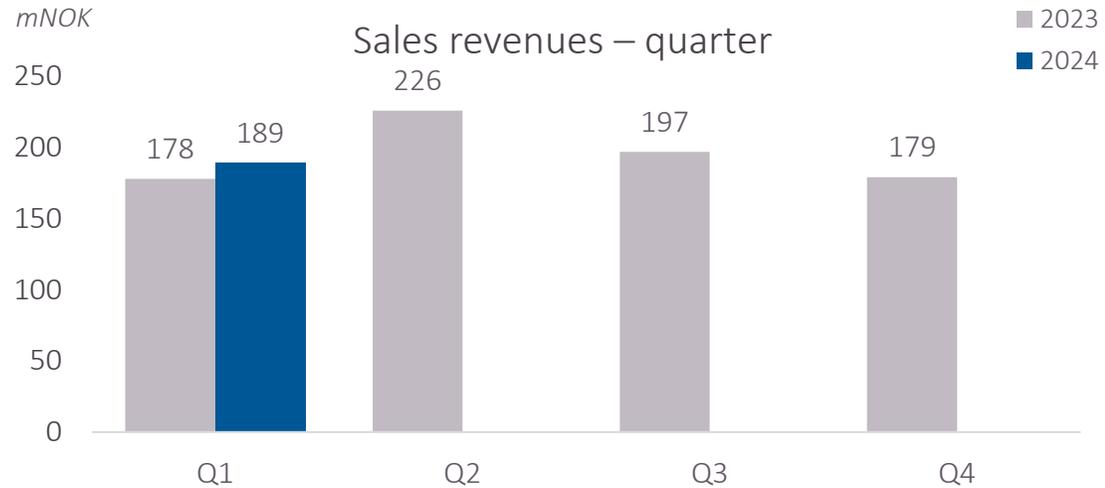
Average price in sales currency 8% below Q1-23

- Lower sales prices
- Average price largely in line with Q4-23

Slightly positive FX impact

¹ Average sales price is calculated using actual FX rates, excluding hedging impact

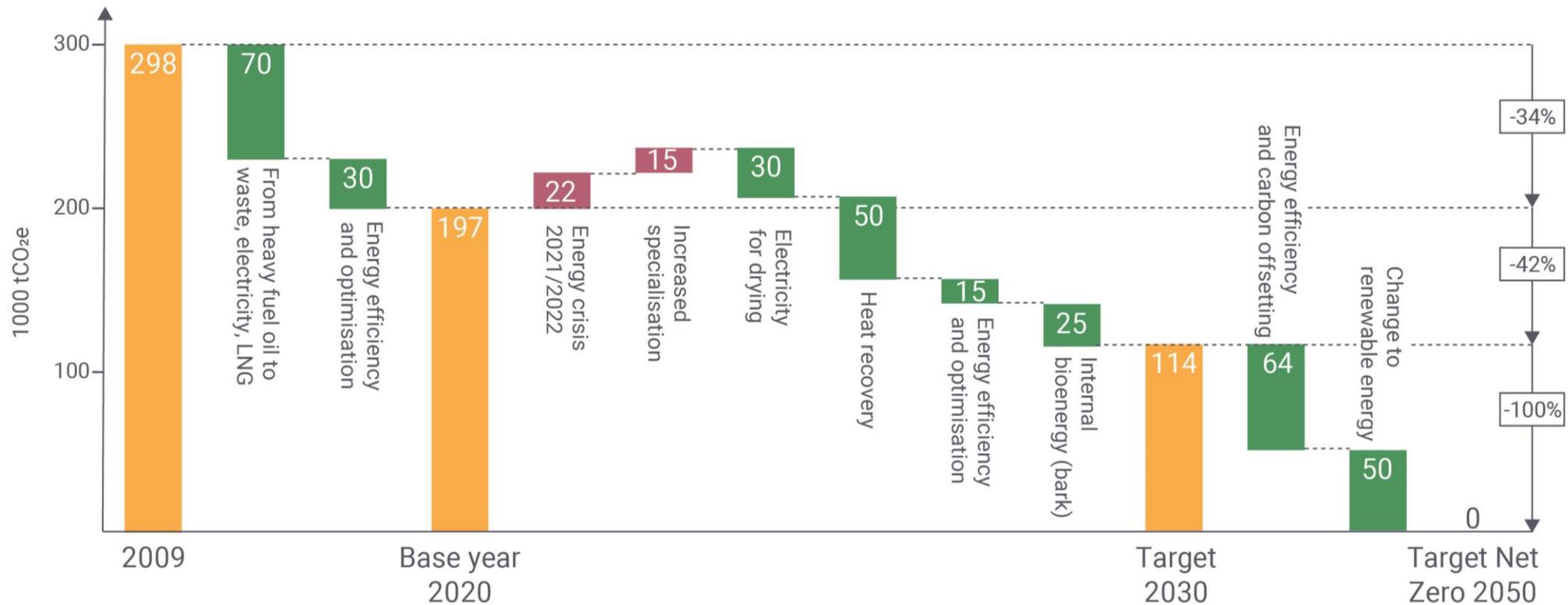
Fine Chemicals markets – Q1



Sales revenues include fine chemical intermediates and bioethanol

- **Fine chemical intermediates:** Increased sales volume, prices reduced as a result of price reduction for the main raw material
- **Bioethanol:** Low deliveries and stable sales prices
- Slightly negative net FX impact

Borregaard transition plan to cut scope 1 and 2 GHG emissions



Environmental investment of 275 mNOK in Norway

Infrastructure investment

- Upgrade of the electricity transformation capacity
- End-of-life replacement of equipment
- In collaboration with regional grid owner Elvia

Prerequisite for climate targets and growth

- Facilitating delivery of long-term environmental goals
- Making headroom for growth projects

Completion in 2028

- Borregaard share of total investment 275 mNOK
- Investment period 2024-2028



Outlook

BioSolutions

- The diversified market strategy expected to mitigate effects of a slowdown in certain end-markets
- Sales volume in 2024 forecast to be ≈330,000 tonnes, depending on the global economic development
- Sales volume in Q2 expected to be in line with Q2-23
- Biovanillin market will continue to be impacted by the high supply of synthetic vanillin products

BioMaterials

- Sales volume in 2024 is forecast to be higher than the production output, highly specialised grades expected to be higher vs 2023
- In Q2, sales volume expected to be lower vs Q1-24, but higher than production output
- Average price in sales currency in Q2 expected at the same level as Q1-24
- Development in the construction market for cellulose ethers main uncertainty for 2024, other applications expected to largely compensate

Fine Chemicals

- Sales volume for fine chemical intermediates is expected to increase vs 2023
- Market conditions for advanced biofuels continue to be favourable in several countries, sales prices and volume expected largely in line with 2023

Costs development and impact from investment

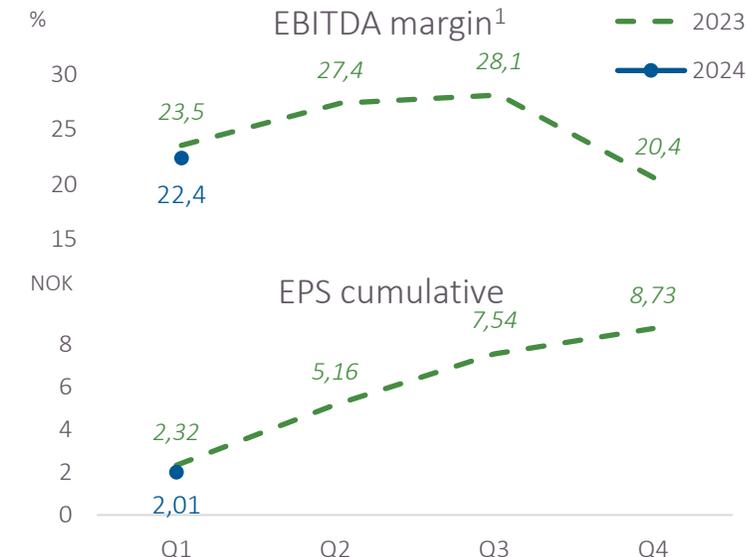
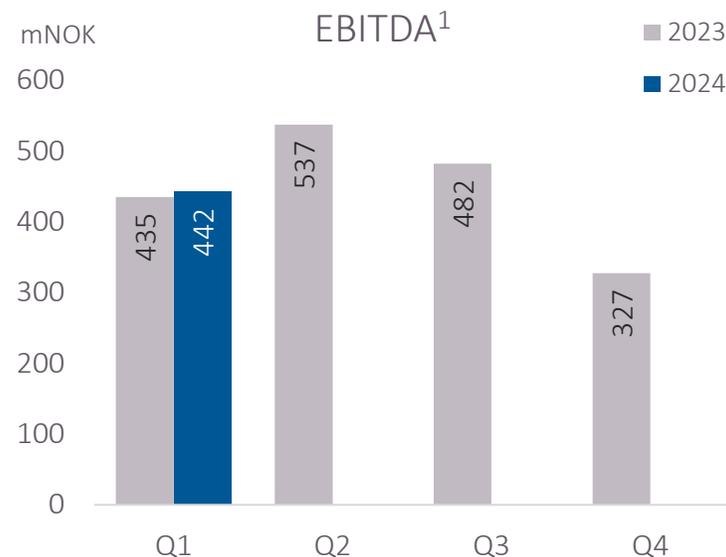
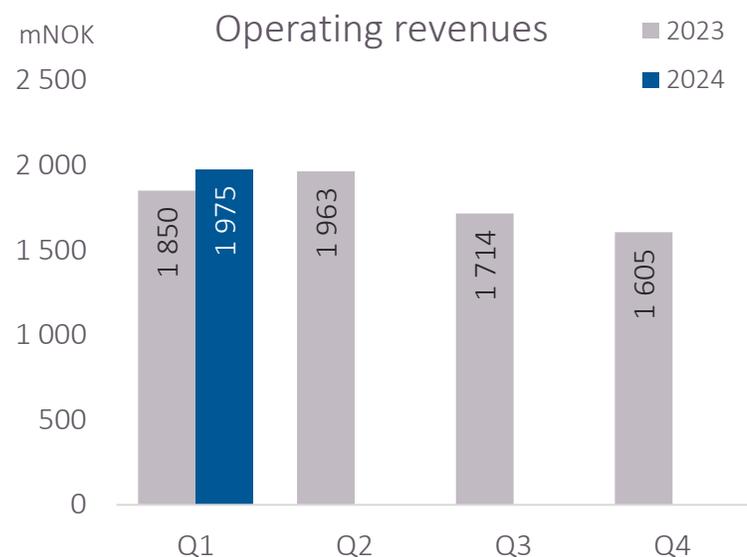
- Wood costs will increase ≈10% in H1-24 vs H2-23
- In Q2, lower energy and other raw material costs expected to compensate for increased wood costs vs Q2-23
- Benefits from the investment to reduce CO₂ emissions and improve energy efficiency and flexibility will gradually materialise in H1-24

Wars and conflicts as well as uncertainty in the global economy may impact Borregaard's markets and costs

Financial performance Q1-24



Borregaard key figures – Q1



Revenues 7% above Q1-23

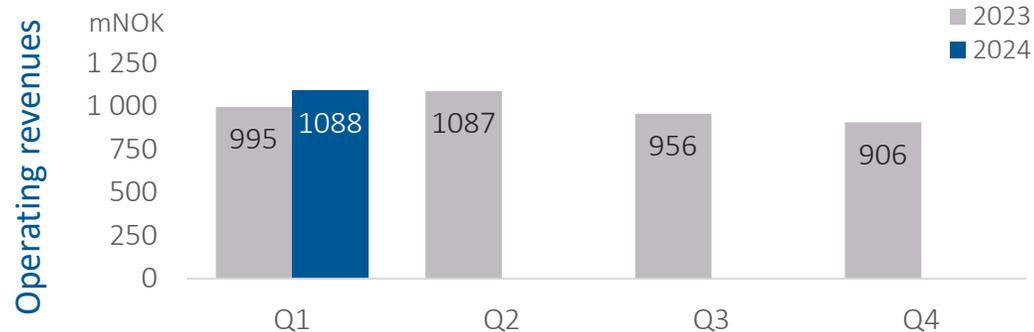
EBITDA¹ 442 mNOK for the Group

- Result improved in BioSolutions, lower results in BioMaterials and Fine Chemicals
- Higher sales volume in BioSolutions and BioMaterials, reduced sales prices for BioMaterials
- Reduced costs for energy and chemicals partly offset by increased wood costs
- Slightly negative net currency effects

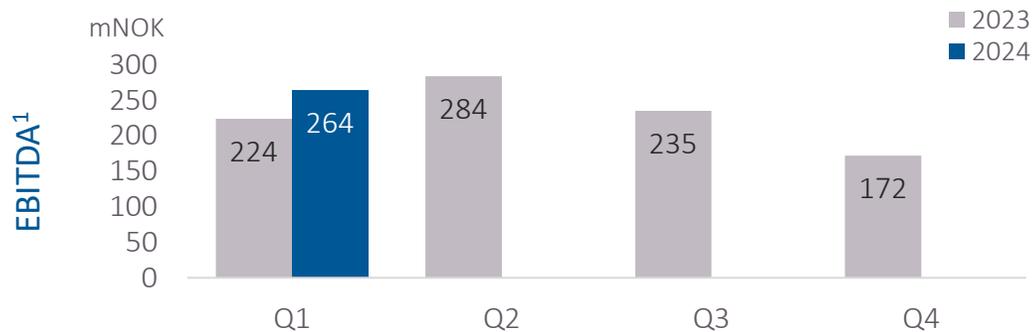
Earnings per share (EPS) NOK 2.01 (NOK 2.32)

¹ Alternative performance measure, see Appendix for definition

BioSolutions key figures – Q1



- Revenues 9% above Q1-23
- Higher sales volume



- Higher sales volume
- Reduced energy costs partly offset by cost inflation
- Slightly negative net FX impact



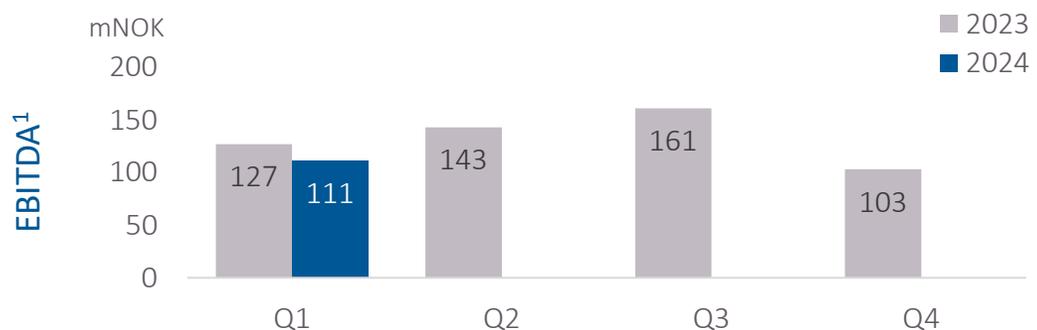
- EBITDA margin¹ close to 2%-points above Q1-23

¹ Alternative performance measure, see Appendix for definition

BioMaterials key figures – Q1



- Revenues 3% above Q1-23
- Higher sales volume



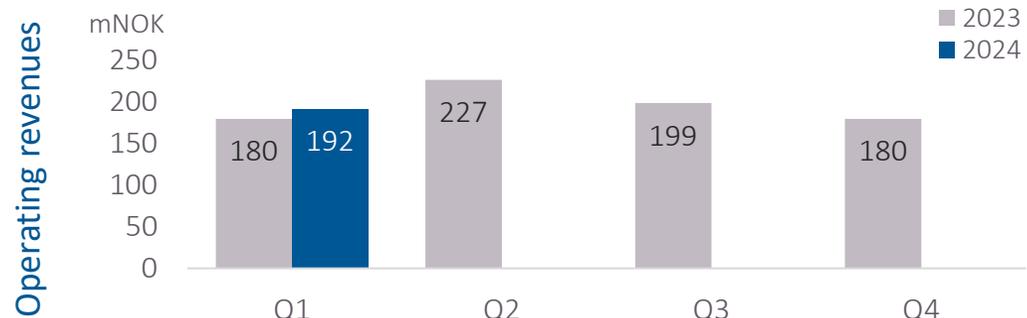
- Higher sales volume and inventory reduction
- Lower sales prices
- Higher wood costs offset by reduced energy spot prices
- Production and energy consumption negatively impacted by cold winter
- Slightly positive net FX effects



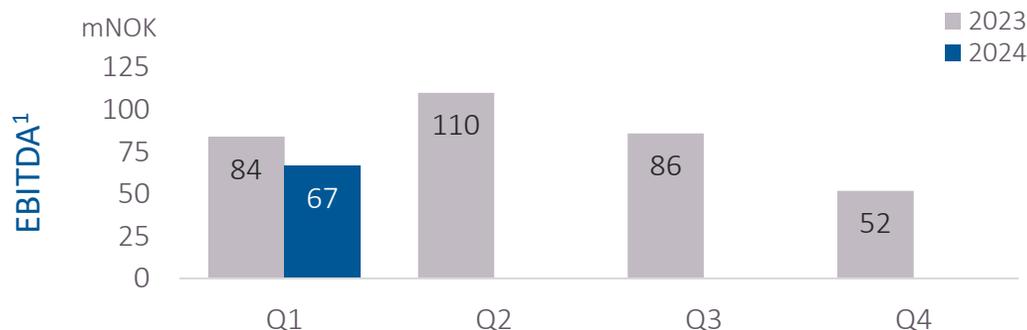
- EBITDA margin¹ close to 3%-points below Q1-23

¹ Alternative performance measure, see Appendix for definition

Fine Chemicals key figures – Q1



- Revenues 7% above Q1-23
- Increased sales volume of fine chemical intermediates



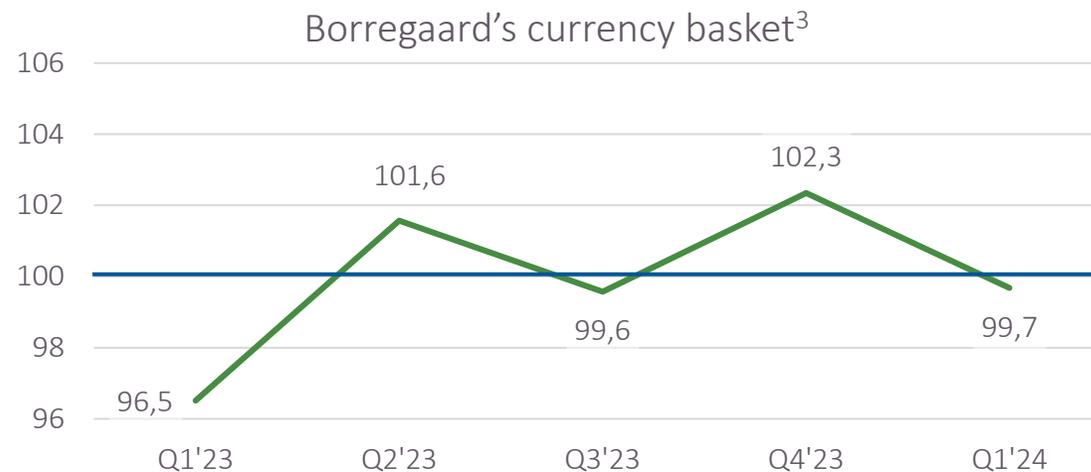
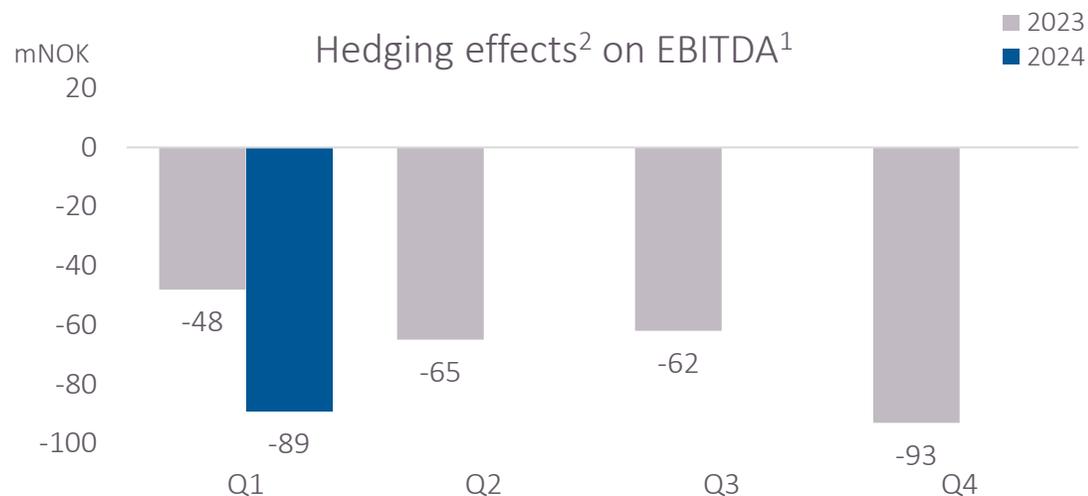
- *Fine chemical intermediates*: Increased sales volume, sales prices reduced as a result of price reduction for main raw material, other costs increased
- *Bioethanol*: Higher costs and low deliveries
- Slightly negative net FX impact



- EBITDA margin¹ ≈12%-points below Q1-23

¹ Alternative performance measure, see Appendix for definition

Currency impact



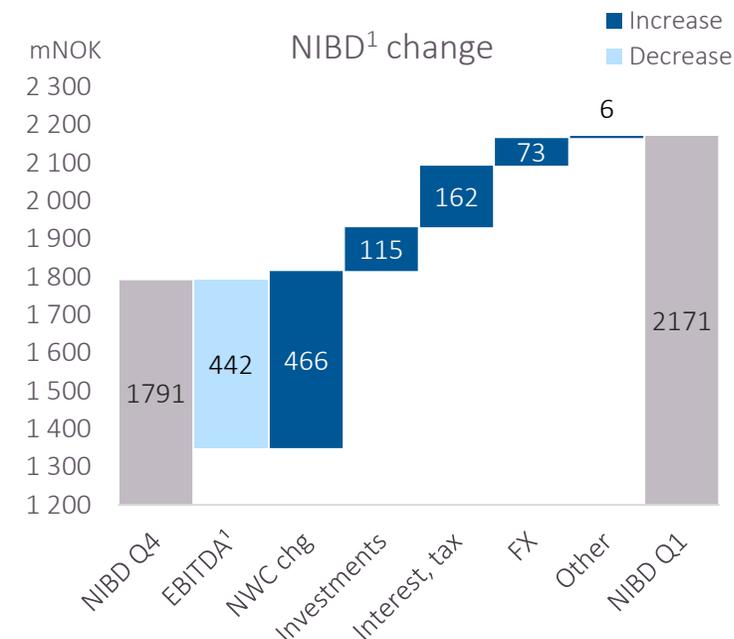
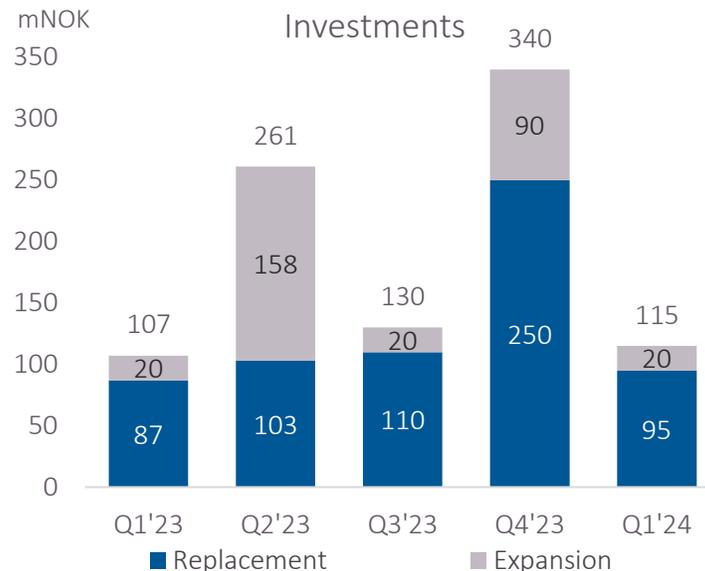
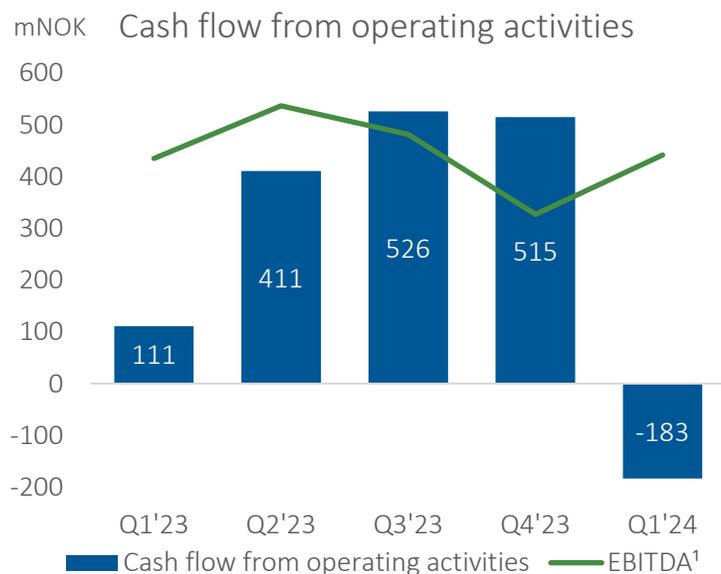
- Net FX EBITDA¹ impact ≈ -5 mNOK vs Q1-23
 - Includes change in hedging effects and based on estimated FX exposure
- Net FX EBITDA¹ impact in 2024 estimated to be ≈ -5 mNOK vs 2023
 - Assuming rates as of 23 April (USD 10.99 and EUR 11.73) on expected FX exposure
 - Net FX EBITDA¹ impact in Q2 estimated to be ≈ -25 mNOK vs Q2-23
- Significant FX exposure, but delayed impact of FX rate fluctuations due to hedging policy

¹ Alternative performance measure, see Appendix for definition

² See Appendix for currency hedging strategy, future hedges and hedging effects by segment

³ Currency basket based on Borregaard's net exposure on EBITDA¹ in 2023 (=100): USD 60% (≈232 mUSD), EUR 42% (≈149 mEUR), Other -2% (GBP, BRL, SGD, SEK)

Cash flow, investments and NIBD



Negative cash flow in Q1

- Significant increase in net working capital, impacted by high sales towards the end of the quarter

Total investments 115 mNOK

- Largest replacement expenditure related to reduction of CO₂ emissions, improved energy efficiency and flexibility
- Specialisation within BioSolutions largest expansion expenditure

NIBD¹ increased 380 mNOK in Q1

- Leverage ratio¹ 1.21 (1.15)

Equity ratio¹ 53% (51%)

¹ Alternative performance measure, see Appendix for definition

Questions?

Per A Sørli, President & CEO

Per Bjarne Lyngstad, CFO

Please note that you can submit questions online during the webcast



Appendix



Borregaard – key figures

Amounts in NOK million	Q1-24	Q1-23	Change
Operating revenues	1 975	1 850	7 %
EBITDA ¹	442	435	2 %
Depreciation property, plant and equipment	-133	-114	
Amortisation intangible assets	-1	-1	
Operating profit	308	320	-4 %
Financial items, net	-47	-28	
Profit before taxes	261	292	-11 %
Income tax expenses	-61	-71	
Profit for the period	200	221	-10 %
Profit attributable to non-controlling interests	0	-10	
Profit attributable to owners of the parent	200	231	
Cash flow from operating activities (IFRS)	-183	111	
Earnings per share	2,01	2,32	-13 %
EBITDA margin ¹	22,4 %	23,5 %	

¹ Alternative performance measure, see Appendix for definition

Operating revenues and EBITDA¹ per segment

Amounts in NOK million

Operating revenues	Q1-24	Q1-23	Change
Borregaard	1 975	1 850	7 %
BioSolutions	1088	995	9 %
BioMaterials	704	684	3 %
Fine Chemicals	192	180	7 %
Eliminations	-9	-9	

Amounts in NOK million

EBITDA ¹	Q1-24	Q1-23	Change
Borregaard	442	435	2 %
BioSolutions	264	224	18 %
BioMaterials	111	127	-13 %
Fine Chemicals	67	84	-20 %

¹ Alternative performance measure, see Appendix for definition

Balance sheet

Amounts in NOK million	31.3.2024	31.12.2023
Assets:		
Intangible assets	82	84
Property, plant and equipment	4 728	4 661
Right-of-use assets	524	527
Other assets	362	437
Investments in joint venture/associate companies	286	289
Non-current assets	5 982	5 998
Inventories	1 348	1 447
Receivables	1 753	1 201
Cash and cash deposits	200	469
Current assets	3 301	3 117
Total assets	9 283	9 115
Equity and liabilities:		
Group equity	4 835	4 855
Non-controlling interests	42	39
Equity	4 877	4 894
Provisions and other liabilities	441	401
Interest-bearing liabilities	2 043	2 016
Non-current liabilities	2 484	2 417
Interest-bearing liabilities	330	246
Other current liabilities	1 592	1 558
Current liabilities	1 922	1 804
Equity and liabilities	9 283	9 115
Equity ratio ¹ (%):	52,5 %	53,7 %

¹ Alternative performance measure, see Appendix for definition

Cash flow

Amounts in NOK million	Q1-24	Q1-23
Amounts in NOK million		
Profit before taxes	261	292
Amortisation, depreciation and impairment charges	134	115
Change in net working capital, etc	-466	-193
Dividend/share of profit from JV & associate companies	3	6
Taxes paid	-115	-109
Cash flow from operating activities	-183	111
Investments property, plant and equipment and intangible assets *	-115	-107
Investment in associate companies & bio-based start-ups	-	-
Other capital transactions	3	2
Cash flow from Investing activities	-112	-105
Dividends	-	-
Proceeds from exercise of options/shares to employees	35	41
Buy-back of treasury shares	-28	-41
Gain/(loss) on hedges for net investments in subsidiaries	-50	-58
Net paid to/from shareholders	-43	-58
Proceeds from interest-bearing liabilities	-	-
Repayment from interest-bearing liabilities	-67	-14
Change in interest-bearing liabilities/other instruments	36	41
Change in net interest-bearing liabilities	-31	27
Cash flow from financing activities	-74	-31
Change in cash and cash equivalents	-369	-25
Cash and cash equivalents at beginning of period	429	111
Change in cash and cash equivalents	-369	-25
Currency effects cash and cash equivalents	21	19
Cash and cash equivalents at the close of the period	81	105
* Investment by category		
Replacement Investments	95	87
Expansion investments including investment in associate companies and bio-based start-ups	20	20
Total investments including investment in associate companies and bio-based start-ups	115	107

¹ Alternative performance measure, see Appendix for definition

Net financial items & net interest-bearing debt¹

Amounts in NOK million

Net financial items	Q1-24	Q1-23
Net interest expenses	-39	-29
Currency gain/loss	0	6
Share of profit/-loss from an associate	-3	-2
Other financial items, net	-5	-3
Net financial items	-47	-28

Amounts in NOK million

Net interest-bearing debt ¹ (NIBD)	31.3.2024	31.12.2023
Non-current interest-bearing liabilities	2 043	2 016
Current interest-bearing liabilities including overdraft	330	246
Non-current interest-bearing receivables (included in "Other Assets")	-2	-2
Cash and cash deposits	-200	-469
Net interest-bearing debt¹ (NIBD)	2 171	1 791
- of which impact from IFRS 16 leases	564	563

¹ Alternative performance measure, see Appendix for definition

Currency hedging strategy

Purpose is to delay effects of currency fluctuations and secure competitiveness

Hedging based on expected EBITDA¹ impact²

- **Base hedge:** 75%/50% on a rolling basis for 6/9 months for major currencies
- **Extended hedge:** 75%/50% of the next 24/36 months if USD and EUR are above defined levels
 EUR; gradually increased at effective rates from 10.00 to 10.50
 USD; gradually increased at effective rates from 9.00 to 9.50
- **Contracts³:** 100% hedged

Balance sheet exposure hedged 100%

Net investments in subsidiaries hedged up to 90% of book value in major currencies

Contracted FX hedges with EBITDA impact (as of 23.04.24)

	USD million	USD rate	EUR million	EUR rate
Q2-2024	46	9.29	33	10.60
Q3-2024	46	9.61	33	10.72
Q4-2024	45	9.59	34	10.62
RoY 2024	137	9.49	100	10.65
2025	158	9.92	125	10.89
2026	124	10.40	96	11.68
2027	36	10.56	30	11.95

Hedging effects by segment

NOK million	Q1-24	Q1-23
BioSolutions	-44	-25
BioMaterials	-34	-19
Fine Chemicals	-11	-4
Borregaard	-89	-48

¹ Alternative performance measure, see Appendix for definition

² Hedging done mainly in the Norwegian company

³ Strict definition of contracts applied for 100% hedging (mutually binding agreement in which price, currency, volume and time are defined)

Credit facilities, solidity and debt

Long-term credit facilities

- 1,500 mNOK revolving credit facilities, maturity 2025 and 2027, margin linked to sustainability targets
- 500 mNOK 5-year green bonds, maturity 2028 (issued June 2023)
- 40 mEUR 10-year loan, maturity 2024
- 50 mUSD 10-year loan, maturity 2032
- 60 mUSD term loan for LT Florida, maturity 2027

Short-term credit facilities

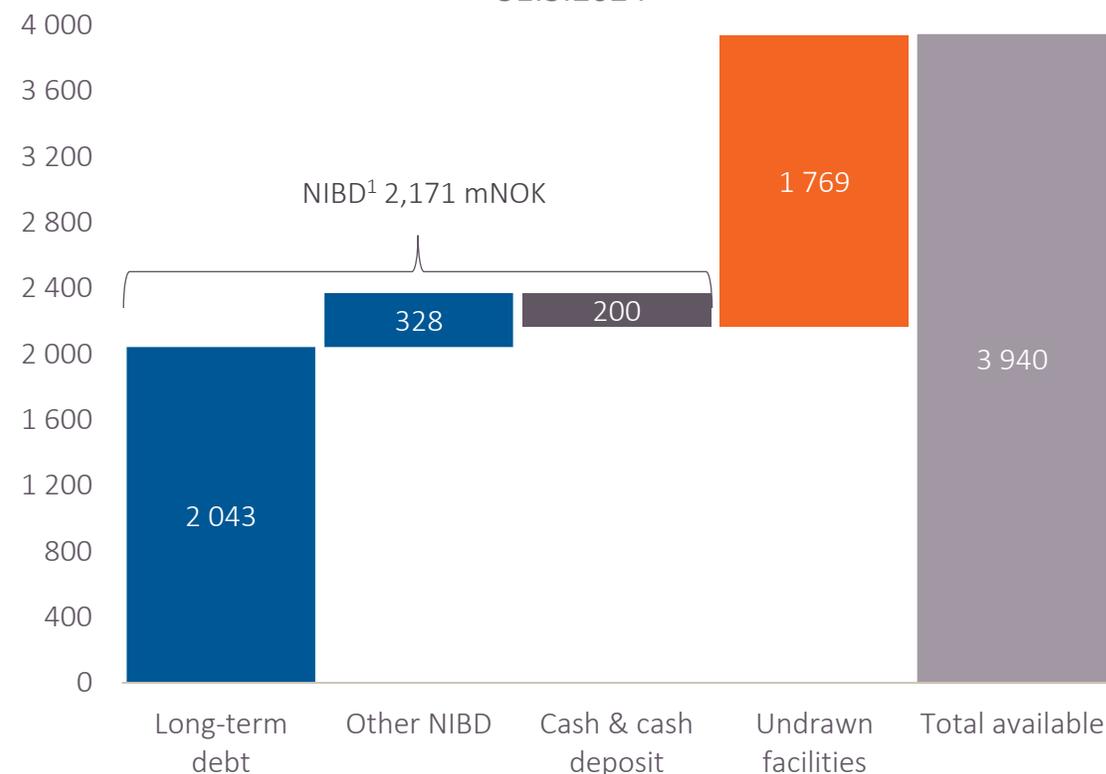
- 225 mNOK overdraft facilities
- 15 mUSD overdraft facility in LignoTech Florida

Solidity

- Equity ratio¹ 52.5%
- Leverage ratio¹ LTM 1.21 (covenant < 3.50)

Debt and undrawn facilities

31.3.2024



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: Operating profit before depreciation, amortisation and other income and expenses.
- EBITDA margin: EBITDA divided by operating revenues
- Equity ratio: Equity (including non-controlling interests) divided by equity and liabilities.
- Expansion investments: 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 R&D costs and new distribution set-ups.
- Other income and expenses: 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.
- Leverage ratio: Net interest-bearing debt divided by last twelve months' (LTM) EBITDA.
- Net interest-bearing debt (NIBD): Interest-bearing liabilities minus interest-bearing assets.
- Return on capital employed (ROCE): 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. 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.

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