



INTERIM REPORT

4TH QUARTER 2023



4TH QUARTER IN BRIEF

- EBITDA¹ NOK 327 million (NOK 364 million)²
- Operational issues at the Sarpsborg site
- Lower sales volumes within certain applications
- Reduced costs for energy, certain basic chemicals and freight
- Positive net currency effects
- Strong cash flow
- Investments in bio-based start-ups

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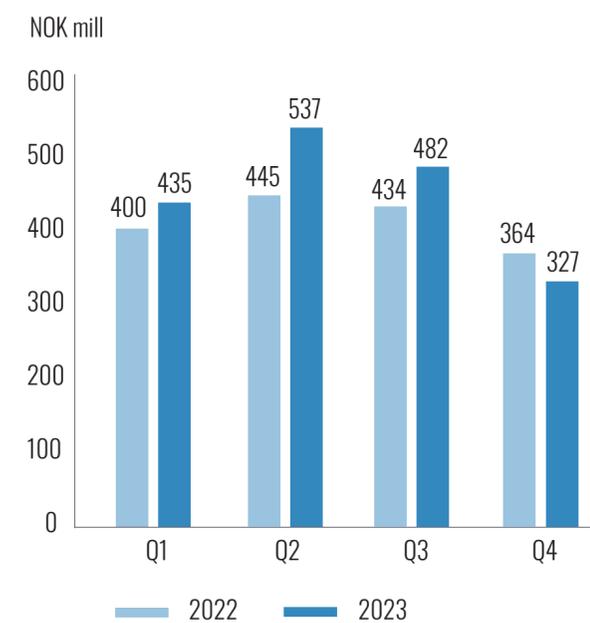
THE GROUP

Amounts in NOK million	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Operating revenues	2	1,605	1,770	7,132	6,881
EBITDA ¹		327	364	1,781	1,643
Operating profit		192	228	1,291	1,186
Profit/loss before taxes	2	135	210	1,124	1,118
Earnings per share (NOK)		1.20	1.85	8.73	8.95
Net interest-bearing debt ¹	11	1,791	1,836	1,791	1,836
Equity ratio ¹ (%)		53.7	54.8	53.7	54.8
Leverage ratio ¹		1.01	1.12	1.01	1.12
Return on capital employed ¹ (%)		18.3	18.1	18.3	18.1

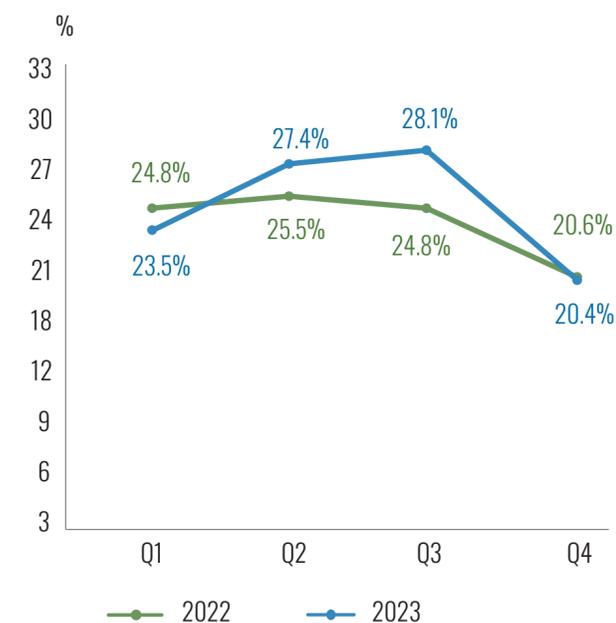
OPERATING REVENUES



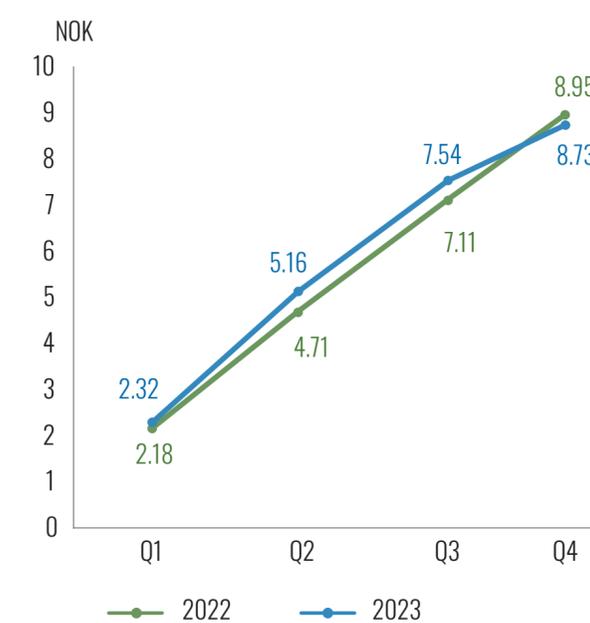
EBITDA¹



EBITDA MARGIN¹



EARNINGS PER SHARE CUMULATIVE



¹ Alternative performance measure, see page 24 for definition.

FOURTH QUARTER

Operating revenues were NOK 1,605 million (NOK 1,770 million)² in the 4th quarter of 2023. EBITDA¹ was NOK 327 million (NOK 364 million). The result in BioSolutions improved while BioMaterials' and Fine Chemicals' results were lower compared with the 4th quarter of 2022.

Following the annual maintenance stop at the Sarpsborg site in October, operational issues had a negative effect on production volumes, quality, and utilisation of internal bioenergy. In addition, increased global supply of synthetic vanillin and ethyl vanillin affected demand for and sales of biovanillin negatively in the 4th quarter. In total, the negative impact was approximately NOK 80 million. The operational issues at the Sarpsborg site represented more than half of this amount.

In BioSolutions, reduced energy costs were partly offset by reduced sales volume and cost inflation in general. The reduced result in BioMaterials was mainly due to the operational issues at the Sarpsborg site. In Fine Chemicals, lower production volume and lower sales prices in fine chemical intermediates had a negative impact on EBITDA¹ compared with the 4th quarter of 2022. The net currency effects were positive for the Group.

Operating profit was NOK 192 million (NOK 228 million). Net financial items were NOK -57 million (NOK -18 million). Profit before tax was NOK 135 million (NOK 210 million). Tax expense

of NOK -30 million (NOK -47 million) gave a tax rate of 22% (22%) in the quarter.

Earnings per share were NOK 1.20 (NOK 1.85).

Cash flow from operating activities was NOK 515 million (NOK 313 million). The strong cash flow was mainly due to a decrease in net working capital. In addition, lower tax payments contributed to the improvement. Net financial costs were higher and the cash effect from EBITDA¹ was lower compared with the same quarter last year.

In the 4th quarter, Borregaard has invested a total of NOK 47 million in three bio-based start-ups. These investments are a result of Borregaard's business development strategy and complement the existing business portfolio. The largest investment was in the Danish bioscience company Kaffe Bueno ApS. Two smaller investments were made in the Austrian company Lignovations GmbH and in the Scottish company Oceanium Ltd. See Other matters on page 12.

FULL YEAR

Borregaard's operating revenues increased to NOK 7,132 million (NOK 6,881 million) in 2023. EBITDA¹ reached an all-time high of NOK 1,781 million (NOK 1,643 million). The result increased in BioMaterials and Fine Chemicals while BioSolutions' result decreased compared with 2022.

In BioSolutions, higher sales prices, reduced energy costs and positive net currency effects were more than offset by reduced contribution from traded vanillin products, lower sales volume, changes in product mix and general cost inflation. Higher sales prices for speciality cellulose and positive net currency effects were the main reasons for the EBITDA¹ improvement in BioMaterials. Fine Chemicals' EBITDA¹ improved mainly due to higher sales prices for bioethanol and net positive currency effects.

Other income and expenses¹ were NOK 0 million (NOK -8 million).

Operating profit was NOK 1,291 million (NOK 1,186 million). Net financial items amounted to NOK -167 million (NOK -68 million). Higher interest rates led to increased interest expenses. Profit before tax was NOK 1,124 million (NOK 1,118 million). Tax expense was NOK -268 million (NOK -267 million), giving a tax rate of 24% (24%).

Earnings per share were NOK 8.73 (NOK 8.95)

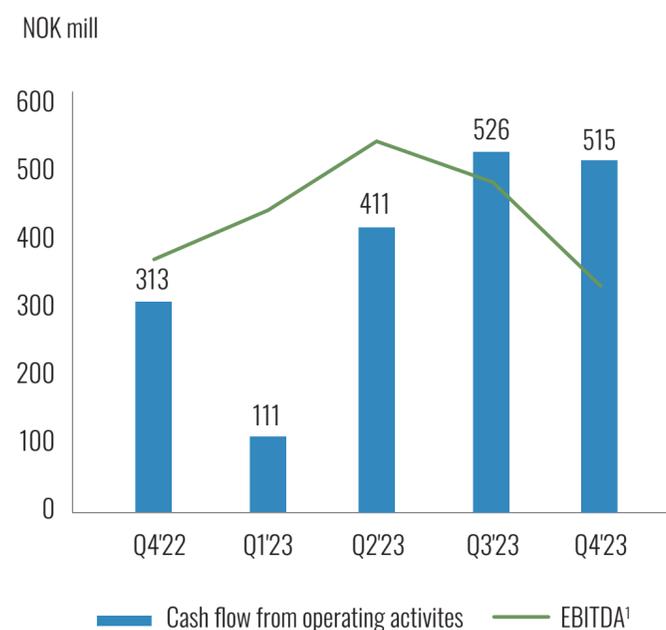
¹Alternative performance measure, see page 24 for definition.

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

In 2023, cash flow from operating activities was NOK 1,563 million (NOK 735 million). The significant improvement was mainly due to a more favourable development in net working capital. In addition, the cash effect from a higher EBITDA¹ contributed to the improvement. Net financial costs and tax payments were higher compared with 2022.

Investments in bio-based start-ups amounted to NOK 171 million in 2023. NOK 124 million was invested in increased ownership share in the marine biotech company Alginor ASA whereas NOK 47 million was invested in Kaffe Bueno ApS, Lignovations GmbH and Oceanium Ltd.

CASH FLOW FROM OPERATING ACTIVITIES



BUSINESS AREAS

BIOSOLUTIONS

Amounts in NOK million	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	906	997	3,944	4,050
EBITDA ¹	172	159	915	986
EBITDA margin ¹ (%)	19.0	15.9	23.2	24.3

FOURTH QUARTER

Operating revenues in BioSolutions were NOK 906 million (NOK 997 million). EBITDA¹ increased to NOK 172 million (NOK 159 million).

Reduced energy costs were partly offset by reduced sales volume and cost inflation in general. The increased global supply of synthetic vanillin and ethyl vanillin impacted demand for and sales of biovanillin negatively in the quarter. The net currency effect was positive.

The average price in sales currency was 2% lower compared with the same quarter in 2022. Prices for lignin-based biopolymers were slightly higher. However, a weaker product mix mainly due to lower sales of biovanillin, led to a reduced average sales price.

The total sales volume was 9% lower than in the corresponding quarter in 2022, negatively affected by lower deliveries to construction and certain industrial and speciality applications.

¹ Alternative performance measure, see page 24 for definition.

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



FULL YEAR

BioSolutions had operating revenues of NOK 3,944 million (NOK 4,050 million) in 2023. EBITDA¹ was NOK 915 million (NOK 986 million).

Higher sales prices, reduced energy costs and positive net currency effects were more than offset by a reduced contribution from traded vanillin products, lower sales volume, changes in product mix and general cost inflation.

The demand for most of BioSolutions' lignin-based biopolymers was good in 2023. The average price in sales currency was 3% higher than in 2022 due to price increases for lignin-based biopolymers, partly offset by changes in product mix. Total sales volume was 8% lower than last year. Strong sales within several industrial applications partly compensated for lower deliveries to other applications.

An increased global supply of synthetic vanillin and ethyl vanillin mainly affected the company's trading of synthetic vanillin products. However, towards the end of the year the global oversupply also started to affect demand for and sales volume of biovanillin.

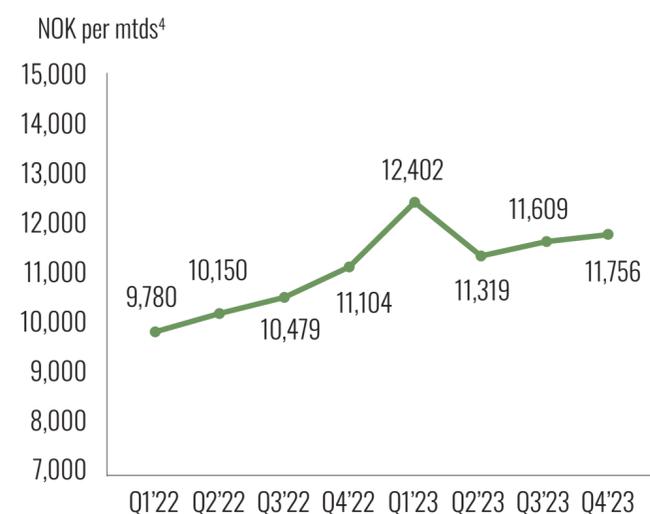
¹ Alternative performance measure, see page 24 for definition.

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

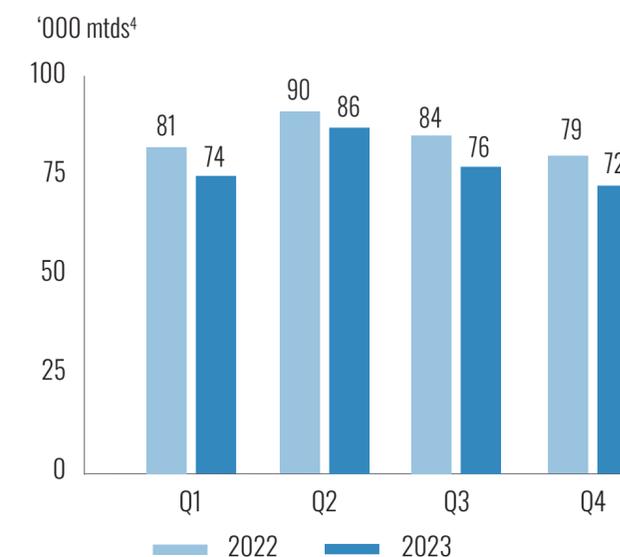
³ Average sales price is calculated using actual FX rates, excluding hedging impact.

⁴ Metric tonne dry solid.

AVERAGE GROSS SALES PRICE³



SALES VOLUME



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

BIOMATERIALS

Amounts in NOK million	1.10 - 31.23		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	526	620	2,439	2,250
EBITDA ¹	103	138	534	427
EBITDA margin ¹ (%)	19.6	22.3	21.9	19.0

FOURTH QUARTER

BioMaterials' operating revenues were NOK 526 million (NOK 620 million). EBITDA¹ was NOK 103 million (NOK 138 million).

The reduced result was due to lower volumes and sales prices, a weaker product mix and higher fixed costs. These effects were partly offset by reduced energy and freight costs and positive net currency effects. Higher wood costs were offset by reduced prices for certain basic chemicals. The operational issues following the annual maintenance stop at the Sarpsborg site affected BioMaterials in particular.

The average price in sales currency decreased by 9% compared with the 4th quarter of 2022, mainly due to a weaker product mix. Reduced deliveries of highly specialised cellulose grades due to the operational issues had a negative impact on the product mix in the quarter.

¹ Alternative performance measure, see page 24 for definition.

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

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

⁶ Metric tonne.

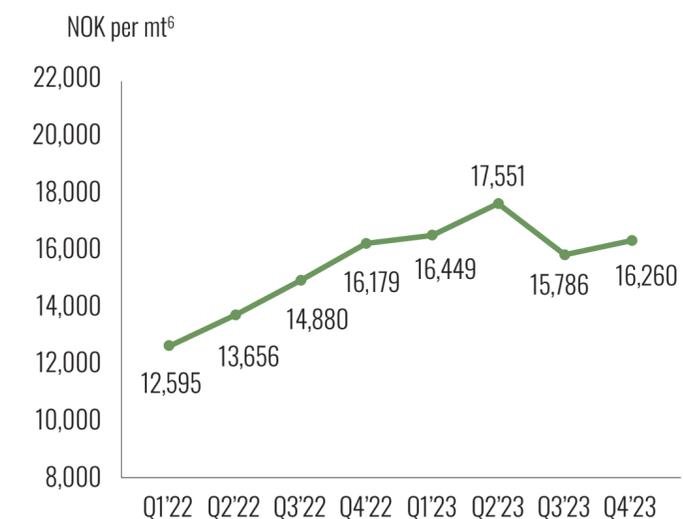
FULL YEAR

BioMaterials' operating revenues increased to NOK 2,439 million (NOK 2,250 million) in 2023. EBITDA¹ reached NOK 534 million (NOK 427 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 to the construction market for cellulose ethers. Lower sales to construction were largely compensated by sales to other applications. Total costs increased as higher wood costs and a general cost inflation more than offset lower energy costs.

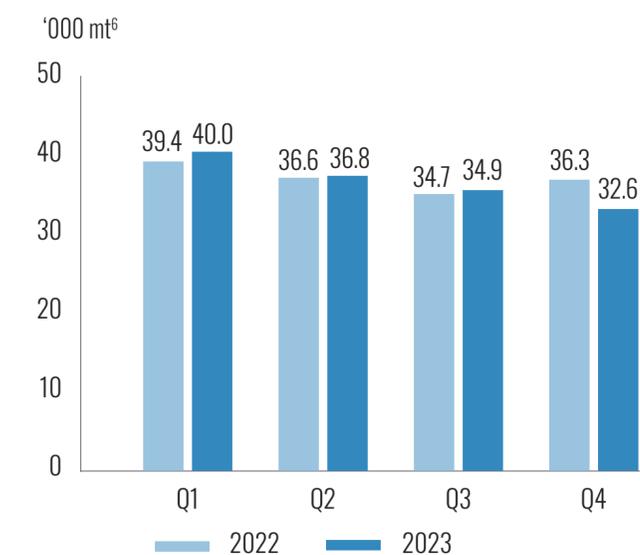
The average price in sales currency was 4% higher than in 2022.

AVERAGE GROSS SALES PRICE⁵



Sales price include speciality cellulose and cellulose fibrils.

SALES VOLUME



Sales volume include speciality cellulose and cellulose fibrils

FINE CHEMICALS

Amounts in NOK million	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	180	170	786	632
EBITDA ¹	52	67	332	230
EBITDA margin ¹ (%)	28.9	39.4	42.2	36.4

FOURTH QUARTER

Operating revenues in Fine Chemicals increased to NOK 180 million (NOK 170 million). EBITDA¹ was NOK 52 million (NOK 67 million).

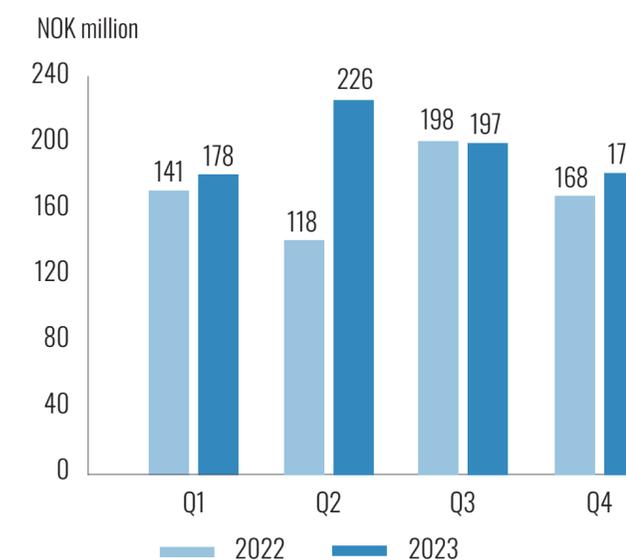
The result for fine chemical intermediates was negatively impacted by a lower production volume, mainly due to operational issues, and lower sales prices. This was partly offset by lower raw material costs while product mix was in line with the 3rd quarter of 2023. For bioethanol, higher sales prices were offset by lower deliveries. The net currency impact was insignificant in the business area.

FULL YEAR

Operating revenues in Fine Chemicals reached NOK 786 million (NOK 632 million). EBITDA¹ increased to NOK 332 million (NOK 230 million).

EBITDA¹ improved mainly due to higher sales prices for bioethanol. Demand for advanced bioethanol to biofuel in several European countries was strong with increased prices. Fine chemical intermediates had a result in line with 2022. The net currency impact was positive for Fine Chemicals.

FINE CHEMICALS – SALES REVENUES



Sales revenues include fine chemical intermediates and bioethanol.

¹ Alternative performance measure, see page 24 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 strategy. Compared with the 4th quarter of 2022, the net impact of foreign exchange on EBITDA¹, including hedging effects, was NOK 20 million. Hedging effects were NOK -93 million (NOK -34 million) in the quarter.

In 2023, the net impact of foreign exchange on EBITDA¹, including hedging effects, was NOK 215 million compared with 2022. Hedging effects were NOK -268 million (NOK -50 million).

Assuming currency rates as of 30 January 2024 (USD 10.45 and EUR 11.34) and based on currency exposure forecasts, Borregaard expects a net impact of foreign exchange on

EBITDA¹ of approximately NOK 0 million in the 1st quarter of 2024 and NOK -55 million for the full year of 2024, compared with the corresponding periods in 2023.

CASH FLOW AND FINANCIAL SITUATION

FOURTH QUARTER

Cash flow from operating activities in the 4th quarter was NOK 515 million (NOK 313 million). The strong cash flow was mainly due to a decrease in net working capital. In addition, lower tax payments contributed to the improvement. Net financial costs were higher and the cash effect from EBITDA¹ was lower compared with the same quarter last year.

Investments amounted to NOK 340 million (NOK 212 million). Expansion investments¹ totalled NOK 90 million (NOK 40 million).

FULL YEAR

In 2023, cash flow from operating activities was NOK 1,563 million (NOK 735 million). The significant improvement was mainly due to a more favourable development in net working capital. In addition, the cash effect from a higher EBITDA¹ contributed to the improvement. Net financial costs and tax payments were higher compared with 2022.

Investments amounted to NOK 838 million (NOK 464 million). Replacement investments were NOK 550 million (NOK 359 million), where the largest expenditure was related to the investment to reduce CO₂ emissions and increase energy flexibility at the biorefinery in Norway. Expansion investments¹ totalled NOK 288 million (NOK 105 million), where the largest

expenditures were related to the increased ownership in Alginor ASA and specialisation projects within BioSolutions.

Dividend of NOK 324 million (NOK 499 million) was paid out in the 2nd quarter. In 2023, the Group has sold and repurchased treasury shares with net proceeds of NOK -43 million (NOK -27 million). Realised effect of hedging of net investments in subsidiaries was NOK -38 million (NOK -79 million).

On 31 December 2023, the Group had net interest-bearing debt¹ totalling NOK 1,791 million (NOK 1,836).

At the end of 2023, the Group was well capitalised with an equity ratio¹ of 53.7% (54.8%) and a leverage ratio¹ of 1.01 (1.12).

¹Alternative performance measure, see page 24 for definition.

DIVIDEND

The Board of Directors of Borregaard ASA will propose an ordinary dividend for 2023 of NOK 3.75 (NOK 3.25) per share to the General Meeting, corresponding to 43% of net profit and a 15% increase

from the dividend for 2022. Dividend payment is estimated at NOK 373 million. The exact amount will depend on the number of treasury shares held at the date of the General Meeting.

SUSTAINABILITY

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

Greenhouse gas emissions (scope 1 and 2) have decreased by 8% due to energy conservation and lower use of fossil fuel for heat energy. Process improvements contributed to a 15% reduction in emissions of organic material (COD) compared with 2022.

There were no fatal or high consequence work-related injuries in 2023. The total recordable injuries per million hours worked (TRIF) were 5.3 (4.9). The number of lost time injuries was reduced from two in 2022 to one in 2023. Sick leave was reduced to 3.9% (4.3%).

The table below shows key sustainability measures and targets.

All figures are rolling 12 months	31.12.2023	31.12.2022	Target 2023	Target 2030
Greenhouse gas emissions (Scope 1 and 2, '000 tonnes)	197	214	N/A	42% reduction from 2020
COD (organic material) in process water discharged	46 t/day	54 t/day	52 t/day	40 t/day
Total recordable injuries per million hours worked	5.3	4.9	<: 3.5	-
Sick leave %	3.9 %	4.3%	<: 4%	3.0 %

* Emission figures as of 31.12.2023 are based on best estimate at the time of reporting.

SHARE INFORMATION

In the 4th quarter of 2023, Borregaard repurchased a total of 200,000 treasury shares at an average price of NOK 170.59 in a share buy-back programme. In addition, Borregaard repurchased 51,256 treasury shares at an average price of NOK 163.91 when share options were exercised.

During the 4th quarter, 58,000 share options were exercised at a strike price of NOK 67.05 per share.

Total number of shares outstanding on 31 December 2023 was 100 million, including 436,860 treasury shares. Total number of

shareholders was 8,744. Borregaard ASA's share price was NOK 171.40 at the end of the 4th quarter (NOK 158.00 at the end of the 3rd quarter of 2023 and NOK 152.00 at the end of 2022).

OTHER MATTERS AND SUBSEQUENT EVENTS

INVESTMENTS IN BIO-BASED START-UPS

In the 4th quarter, Borregaard has invested a total of NOK 47 million in three bio-based start-ups. These investments are a result of Borregaard's business development strategy and complement the existing business portfolio.

EUR 3 million was invested to acquire 12% of the shares in the Danish bioscience company Kaffe Bueno ApS. Borregaard has been granted warrants to subscribe for additional shares in Kaffe

Bueno on or before 31 January 2026. If exercised in full, these warrants will bring Borregaard's ownership share up to 34% and contribute another EUR 9.25 million in equity to Kaffe Bueno. From coffee by-products, Kaffe Bueno derives active and functional ingredients which can be applied in a wide range of consumer and industrial products, including personal care, human nutrition, and agriculture. See notification to the Oslo Stock Exchange on 22 December 2023.

Borregaard has also made smaller investments totalling NOK 13 million in Lignovations GmbH, an Austrian start-up company creating sustainable materials from lignin and the Scottish company Oceanium Ltd that develops functional ingredients to food and personal care products from farmed seaweed.

OUTLOOK

In BioSolutions, the diversified market strategy for lignin-based biopolymers is expected to continue to mitigate effects of a slowdown in certain end-markets. In 2024, the total sales volume for BioSolutions is forecast to be approximately 330,000 tonnes, depending on the global economic development. The total sales volume in the 1st quarter is expected to be 75-80,000 tonnes. Demand for biovanillin is expected to be lower due to the increased global supply of synthetic vanillin and ethyl vanillin.

For BioMaterials, the total sales volume is forecast to be higher than the production output. Sales volume of highly specialised grades is expected to be higher than in 2023. In the 1st quarter of 2024, the average price in sales currency is expected to be largely in line with the 4th quarter of 2023. Development in the construction market for cellulose ethers is the main uncertainty for 2024. However, other applications are expected to largely compensate for a potential continued slowdown in the construction market.

Sales volume for fine chemical intermediates is expected to increase compared with 2023. In bioethanol, sales prices are expected to be largely in line with 2023. The market conditions

for advanced biofuels continue to be favourable in several European countries. Bioethanol sales are expected to be mainly into these markets also in 2024.

Wood costs will increase approximately 10% in the 1st half of 2024 compared with the 2nd half of 2023. Energy and other raw material costs are expected to be largely in line with the 2nd half of 2023. Energy spot prices continue to represent the largest uncertainty. In the 1st half of 2024, Borregaard will gradually benefit from the investment to reduce CO₂ emissions, improve energy efficiency and increase flexibility to switch between alternative energy sources.

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 markets and costs development and implement relevant measures if required.

Sarpsborg, 30 January 2024

The Board of Directors of Borregaard ASA



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THE GROUP'S INTERIM CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Operating revenues	2	1,605	1,770	7,132	6,881
Operating expenses		-1,278	-1,406	-5,351	-5,238
Depreciation property, plant and equipment		-134	-114	-485	-444
Amortisation intangible assets		-1	-2	-5	-5
Other income and expenses ¹	3	-	-20	-	-8
Operating profit		192	228	1,291	1,186
Financial items, net	4	-57	-18	-167	-68
Profit before taxes		135	210	1,124	1,118
Income tax expense	5	-30	-47	-268	-267
Profit for the period		105	163	856	851
Profit attributable to non-controlling interests		-14	-21	-14	-41
Profit attributable to owners of the parent		119	184	870	892
EBITDA¹		327	364	1,781	1,643

INTERIM EARNINGS PER SHARE

Amounts in NOK		1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Earnings per share (100 mill. shares)	6	1.20	1.85	8.73	8.95
Diluted earnings per share	6	1.19	1.84	8.71	8.92

¹ Alternative performance measure, see page 24 for definition.

THE GROUP'S INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Profit for the period		105	163	856	851
Items not to be reclassified to P&L		-	-	-	-
Actuarial gains and losses (after tax)		46	1	46	1
Total		46	1	46	1
Items to be reclassified to P&L					
Change in hedging-reserve after tax (cash flow)	8	214	338	-129	-253
Change in hedging-reserve after tax (net investment in subsidiaries)	8	31	63	-25	-70
Translation effects		-47	-93	45	118
Total		198	308	-109	-205
The Group's comprehensive income		349	472	793	647
Comprehensive income non-controlling interests		-16	-28	-12	-33
Comprehensive income owners of the parent		365	500	805	680

THE GROUP'S INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	Note	31.12.2023	31.12.2022
Intangible assets	13	84	82
Property, plant and equipment	13	4,661	4,371
Right-of-use assets		527	345
Other assets	9	437	254
Investments in joint venture/associate companies	4	289	142
Non-current assets		5,998	5,194
Inventories		1,447	1,299
Receivables	9	1,201	1,387
Cash and cash deposits	11	469	234
Current assets		3,117	2,920
Total assets		9,115	8,114
Group equity	10	4,855	4,394
Non-controlling interests		39	51
Equity		4,894	4,445
Provisions and other liabilities		401	295
Interest-bearing liabilities	9, 11	2,016	1,370
Non-current liabilities		2,417	1,665
Interest-bearing liabilities	9, 11	246	702
Other current liabilities	9	1,558	1,302
Current liabilities		1,804	2,004
Equity and liabilities		9,115	8,114
Equity ratio ¹		53.7 %	54.8 %

INTERIM CONDENSED CHANGES IN EQUITY

Amounts in NOK million	Note	1.1 - 31.12.2023			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		870	-14	856	892	-41	851
Items in Comprehensive Income	8	-65	2	-63	-212	8	-204
The Group's Comprehensive income	8	805	-12	793	680	-33	647
		-	-	-	-	-	-
Paid dividend		-324	-	-324	-499	-	-499
Buy-back of treasury shares		-92	-	-92	-68	-	-68
Exercise of share options		32	-	32	16	-	16
Shares to employees		30	-	30	33	-	33
Option costs (share based payment)		10	-	10	10	-	10
Transactions with non-controlling interests		-	-	-	-	-	-
Equity at the end of the period		4,855	39	4,894	4,394	51	4,445

¹ Alternative performance measure, see page 24 for definition.

THE GROUP'S INTERIM CONDENSED CASH FLOW STATEMENT

Amounts in NOK million	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Profit before taxes		135	210	1,124	1,118
Amortisation, depreciation and impairment charges		135	116	490	449
Changes in net working capital, etc.		292	55	205	-658
Dividend/share of profit from JV & associate company	4	-	3	9	34
Taxes paid		-47	-71	-265	-208
Cash flow from operating activities		515	313	1,563	735
Investments property, plant and equipment and intangible assets *		-293	-212	-667	-464
Investments in associate companies and bio-based start-ups	4, 14	-47	-	-171	-
Other capital transactions		2	4	9	9
Cash flow from investing activities		-338	-208	-829	-455
Dividends		-	-	-324	-499
Proceeds from exercise of options/shares to employees	10	4	7	49	41
Buy-back of treasury shares	7	-43	-45	-92	-68
Gain/(loss) on hedges for net investments in subsidiaries		38	77	-38	-79
Net paid to/from shareholders		-1	39	-405	-605
Proceeds from interest-bearing liabilities	11	-	-	800	837
Repayment from interest-bearing liabilities	11	-355	-43	-843	-512
Change in interest-bearing receivables/other liabilities	11	-18	-41	33	78
Change in net interest-bearing liabilities		-373	-84	-10	403
Cash flow from financing activities		-374	-45	-415	-202
Change in cash and cash equivalents		-197	60	319	78

THE GROUP'S INTERIM CONDENSED CASH FLOW STATEMENT cont.

Amounts in NOK million	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Cash and cash equivalents at beginning of period		645	76	111	5
Change in cash and cash equivalents		-197	60	319	78
Currency effects cash and cash equivalents		-19	-25	-1	28
Cash and cash equivalents at the close of the period	11	429	111	429	111
*Investment by category					
Replacement investments		250	172	550	359
Expansion investments ¹ including investment in associate companies and bio-based start-ups		90	40	288	105
Total investments including investment in associate companies and bio-based start-ups		340	212	838	464

¹ Alternative performance measure, see page 24 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	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Borregaard	1,605	1,770	7,132	6,881
BioSolutions	906	997	3,944	4,050
BioMaterials	526	620	2,439	2,250
Fine Chemicals	180	170	786	632
Eliminations	-7	-17	-37	-51

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

¹Alternative performance measure, see page 24 for definition.

EBITDA¹

Amounts in NOK million	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Borregaard	327	364	1,781	1,643
BioSolutions	172	159	915	986
BioMaterials	103	138	534	427
Fine Chemicals	52	67	332	230
Reconciliation against operating profit & profit before tax				
EBITDA¹	327	364	1,781	1,643
Depreciations and write downs	-134	-114	-485	-444
Amortisation intangible assets	-1	-2	-5	-5
Other income and expenses ¹	-	-20	-	-8
Operating profit	192	228	1,291	1,186
Financial items, net	-57	-18	-167	-68
Profit before taxes	135	210	1,124	1,118

SALES REVENUES

Amounts in NOK million	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Borregaard	1,574	1,742	7,024	6,776
BioSolutions	880	966	3,849	3,946
BioMaterials	515	608	2,395	2,205
Fine Chemicals	179	168	780	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 4th quarter of 2023. Other income and expenses¹ was NOK -20 million in the 4th quarter of 2022 due

to an accrual for precautionary measures related to ground conditions at the site in Norway.

NOTE 04 Financial items**NET FINANCIAL ITEMS**

Amounts in NOK million	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Net interest expenses	-40	-26	-141	-76
Currency gain/loss	-16	10	-15	6
Share of profit/-loss from an associate	-4	0	-9	-3
Other financial items, net	3	-2	-2	5
Net financial items	-57	-18	-167	-68

Borregaard holds 35% of the shares in Alginor ASA on a fully diluted basis as of 31 December 2023. Other financial items, net includes changes in committed return on the Group's unfunded pension plan.

¹ Alternative performance measure, see page 24 for definition.

NOTE 05 Income tax expense

The tax rate of 23.8% (23.9%) for 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 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 06 Income tax expense

The share capital consists of 100 million shares. The company holds 436,860 treasury shares. As of 31 December 2023, there are 99,753,495 diluted shares (99,752,815 as of 31 December 2022).

Earnings per diluted share were NOK 1.19 in the 4th quarter (NOK 1.84 in the 4th quarter of 2022).

NOTE 07 Stock options

During the 4th quarter, 58,000 share options were exercised at a strike price of NOK 67.05 per share.

The Group Executive Management and other key

employees hold a total of 1,092,450 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	46,550	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 2028

* Strike prices as at 31 December 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	31.12.2023		31.12.2022	
	Cash flow hedges	Hedges of net investments in subsidiaries	Cash flow hedges	Hedges of net investments in subsidiaries
Tax effect year-to-date	-69	-72	-33	-65
Hedging reserve after tax	-245	-221	-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 4th quarter of 2023. Borregaard has financial investments 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 to the left is a comparison of the carrying amount and the fair value of financial instruments as of 31 December 2023:

FINANCIAL ASSETS

Amounts in NOK million	Level	31.12.2023		31.12.2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial receivables	2	185	185	194	194
Non-current derivatives	2	93	93	46	46
Financial investments	1	27	27	11	11
Current derivatives	2	31	31	49	49
Total financial assets		336	336	300	300

FINANCIAL LIABILITIES

Non-current financial liabilities	2, 3	2,018	2,018	1,372	1,372
Non-current derivatives	2	176	176	144	144
Current financial liabilities	2	246	246	702	702
Current derivatives	2	255	255	102	102
Total financial liabilities		2,695	2,695	2,320	2,320

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Amounts in NOK million	Level 1	Level 2	Level 3
Financial instruments 31.12.2023	-2,359	27	-1,886
Financial instruments 31.12.2022	-2,020	11	-1,631

NOTE 10 Compilation of Equity

Amounts in NOK million	31.12.2023	31.12.2022
Share capital	100	100
Treasury shares	-	-
Share premium	1,346	1,346
Other paid-in capital	953	881
Translation effects	251	208
Hedging reserve (after tax)	-466	-312
Actuarial gains/Losses	88	42
Retained earnings	2,583	2,129
Group equity (controlling interests)	4,855	4,394

As of 31 December 2023, the company held 436,860 treasury shares at an average cost of NOK 174.33.

NOTE 11 Net interest-bearing debt¹

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

Amounts in NOK million	31.12.2023	31.12.2022
Non-current interest-bearing liabilities	2,016	1,370
Current interest-bearing liabilities including overdraft of cashpool	246	702
Non-current interest-bearing receivables (included in "Other Assets")	-2	-2
Cash and cash deposits	-469	-234
Net interest-bearing debt¹	1,791	1,836
- of which impact of IFRS 16 Leases	563	371

¹ Alternative performance measure, see page 24 for definition.

NOTE 12 Related parties

The members of the Group Executive Management of Borregaard held a total of 545,450 stock options in the Company as of 31 December 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 4th quarter of 2023.

NOTE 14 Other matters and subsequent events

Investments in bio-based start-ups

In the 4th quarter, Borregaard has invested a total of NOK 47 million in three bio-based start-ups. These investments are a result of Borregaard's business development strategy to invest in bio-based start-ups and complement the existing business portfolio.

EUR 3 million was invested to acquire 12% of the shares in the Danish bioscience company Kaffe Bueno ApS. Borregaard has been granted warrants to subscribe for additional shares in Kaffe Bueno on or before 31 January 2026. If exercised in full, these warrants will bring Borregaard's ownership share up to 34% and contribute another EUR 9.25 million in equity to Kaffe Bueno. From coffee by-products, Kaffe Bueno derives active and functional ingredients which can be applied in a wide range

of consumer and industrial products, including personal care, human nutrition, and agriculture. See notification to the Oslo Stock Exchange on 22 December 2023.

Borregaard has also made smaller investments totalling NOK 13 million in Lignovations GmbH, an Austrian start-up company creating sustainable materials from lignin and the Scottish company Oceanium Ltd that develops functional ingredients to food and personal care products from farmed seaweed.

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	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating profit	192	228	1,291	1,186
Other income and expenses	-	20	-	8
Amortisation intangible assets	1	2	5	5
Depreciation and impairment property, plant and equipment	134	114	485	444
EBITDA	327	364	1,781	1,643

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	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
EBITDA	327	364	1,781	1,643
Operating revenues	1,605	1,770	7,132	6,881
EBITDA margin (%) (EBITDA/operating revenues)	20.4	20.6	25.0	23.9

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	31.12.2023	31.12.2022
Total equity	4,894	4,445
Equity & liabilities	9,115	8,114
Equity ratio (%) (total equity/equity & liabilities)	53.7	54.8

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.

EXPANSION INVESTMENTS	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Total investments including investment in associate companies and bio-based start-ups	340	212	838	464
Replacement investments	-250	-172	-550	-359
Expansion investments including investment in associate companies and bio-based start-ups	90	40	288	105

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.

OTHER INCOME & EXPENCES	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Other income & expences	-	-20	-	-8

NET INTEREST-BEARING DEBT

Description	Reason for including	NET INTEREST-BEARING DEBT	31.12.2023	31.12.2022
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.	Non-current interest-bearing liabilities	2,016	1,370
		Current interest-bearing liabilities including overdraft of cashpool	246	702
		Non-current interest-bearing receivables (included in "Other assets")	-2	-2
		Cash and cash deposits	-469	-234
		Net interest-bearing debt	1,791	1,836

LEVERAGE RATIO

Description	Reason for including	LEVERAGE RATIO	31.12.2023	31.12.2022
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.	Net interest-bearing debt	1,791	1,836
		EBITDA	1,781	1,643
		Leverage ratio (net interest-bearing debt/EBITDA)	1.01	1.12

CAPITAL EMPLOYED

Description	Reason for including	CAPITAL EMPLOYED (END OF PERIOD)	31.12.2023	31.12.2022
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)	7,142	6,802

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)	31.12.2023	31.12.2022
Capital employed end of:		
Q4, 2021	-	6,043
Q1, 2022	-	6,421
Q2, 2022	-	6,779
Q3, 2022	-	7,015
Q4, 2022	6,802	6,802
Q1, 2023	7,142	-
Q2, 2023	7,216	-
Q3, 2023	7,191	-
Q4, 2023	7,142	-
Average capital employed	7,099	6,612
CAPITAL CONTRIBUTION	31.12.2023	31.12.2022
Operating profit	1,291	1,186
Other income and expenses	-	8
Amortisation intangible assets	5	5
Capital contribution	1,296	1,199
RETURN ON CAPITAL EMPLOYED (ROCE)	31.12.2023	31.12.2022
Capital contribution	1,296	1,199
Average capital employed	7,099	6,612
Return on capital employed (ROCE) (%) (capital contribution/average capital employed)	18.3	18.1



Q4 2023



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