

3rd Quarter 2024

Oslo, 30 October 2024



Agenda

Per A Sørli, President & CEO

- Highlights
- Business segments
- Capacity increase at Sarpsborg site
- Outlook

Per Bjarne Lyngstad, CFO

- Financial performance



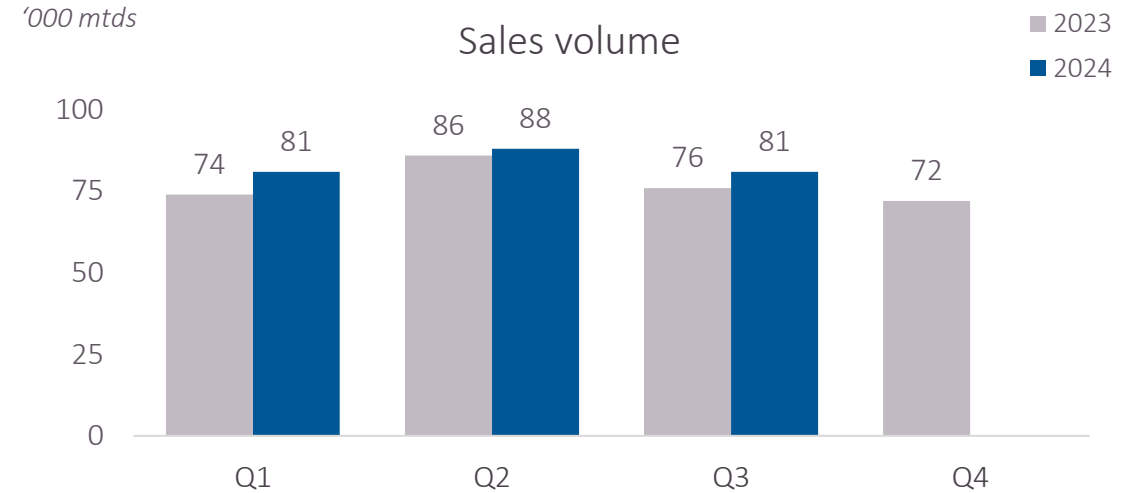
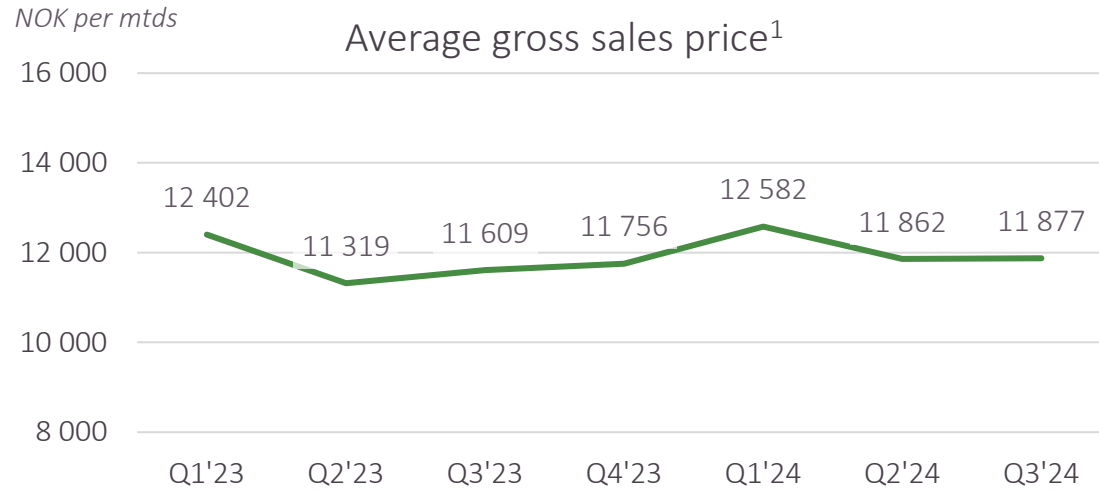
Highlights – 3rd quarter 2024

- EBITDA¹ NOK 524 million (NOK 482 million)
- 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



¹ Alternative performance measure, see Appendix for definition

BioSolutions markets – Q3



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

Increased sales volume, 7% above Q3-23

- Higher sales to agriculture

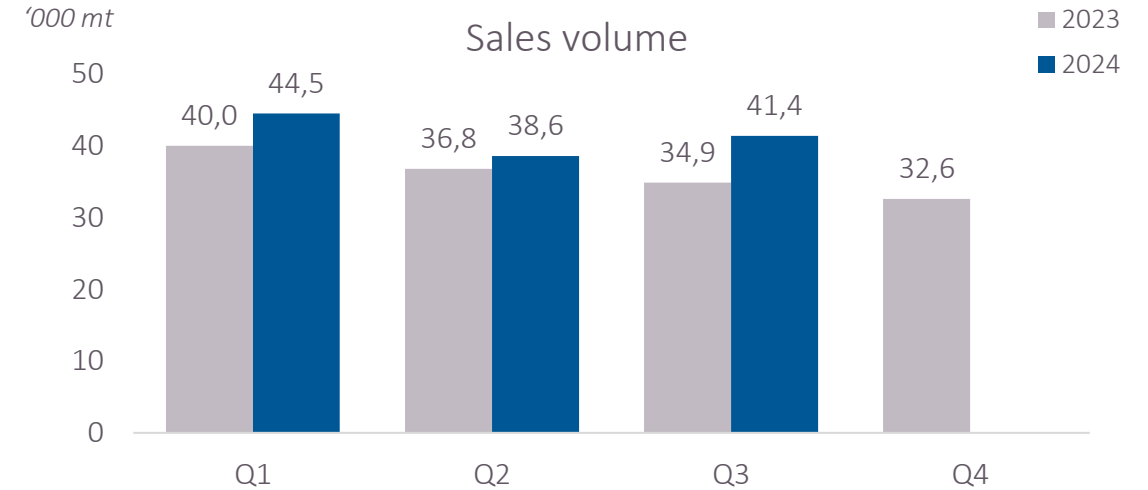
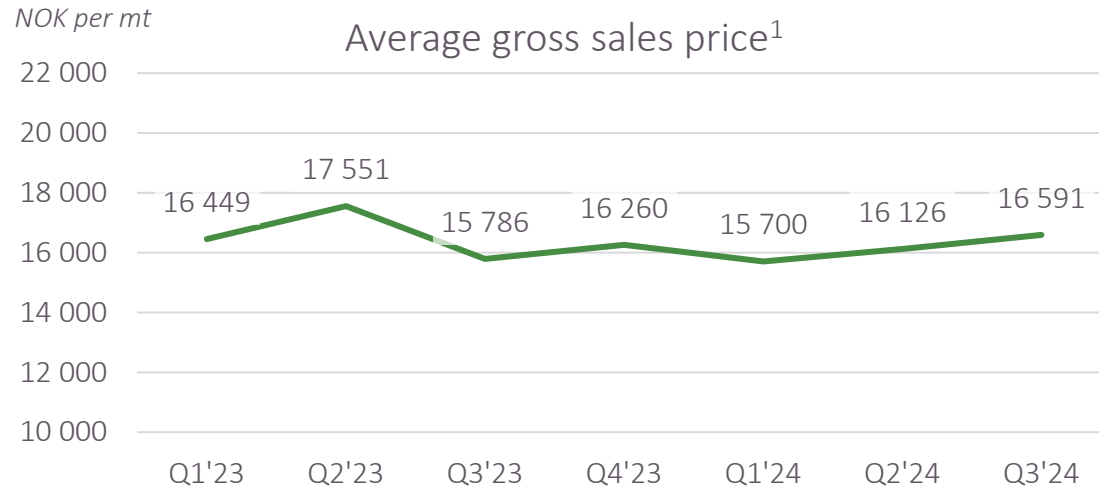
Average price in sales currency in line with Q3-23

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

Slightly positive net FX impact

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

BioMaterials markets – Q3



Sales price and sales volume include speciality cellulose and cellulose fibrils

Average price in sales currency 2% above Q2-24

- Sales price increases for certain cellulose grades implemented in the quarter
- Average price in sales currency 2% higher vs Q3-23

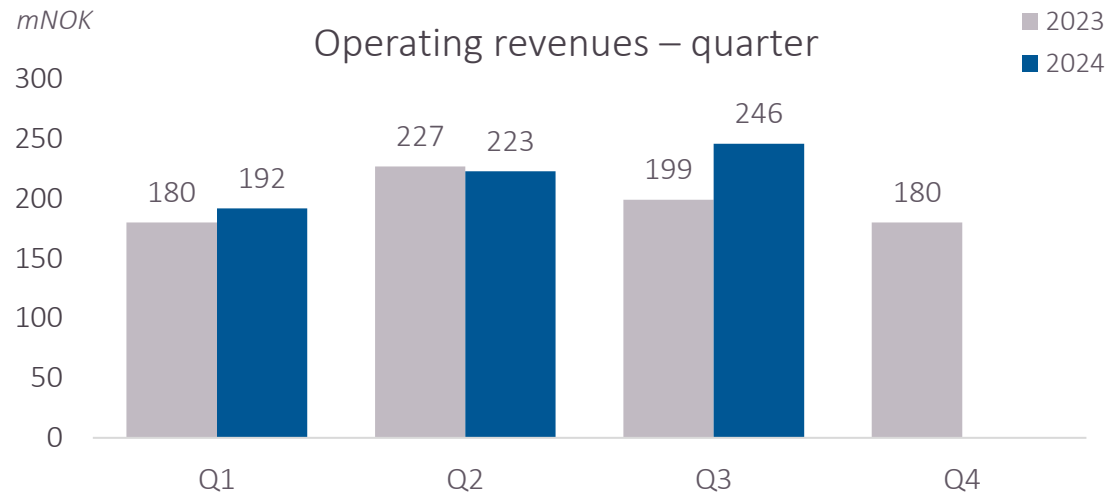
Significantly higher deliveries vs Q3-23

- Increased sales of high-purity and cellulose ether grades

Insignificant FX impact

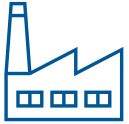
¹ Average sales price is calculated using actual FX rates, excluding hedging impact

Fine Chemicals markets – Q3



- *Fine chemical intermediates*: Favourable product mix
- *Bioethanol*: Significantly higher deliveries vs Q3-23
- Insignificant FX impact

Expansion investment to increase capacity at Sarpsborg site



Expansion investment of 490 mNOK at the biorefinery in Norway

- Increase capacity by debottlenecking the site
- First out of two planned steps to increase capacity towards 2027
- Part of investment plan announced at CMD



Total capacity increase of 5–10% from both steps

- Lignin-based biopolymers, speciality cellulose and bioethanol
- Production output expected to increase gradually from H2-26



Environmental and cost benefits

- Reduced costs and volume of residuals
- Energy savings and reduced caustic soda consumption
- Reduced COD effluents



Outlook

BioSolutions

- Sales volume in Q4 expected to be 70-75,000 tonnes with continued strong sales to agriculture
- Biovanillin market will continue to be impacted by the high supply of synthetic vanillin products

BioMaterials

- Sales volume in Q4 expected to be ≈35,000 tonnes

Fine Chemicals

- In Q4, deliveries of both bioethanol and fine chemical intermediates expected to be significantly lower vs Q3-24

Costs, maintenance stop and seasonality

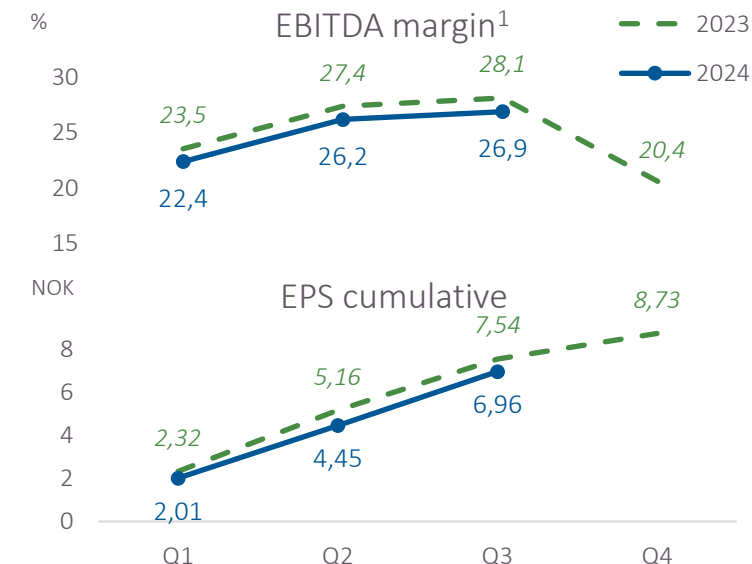
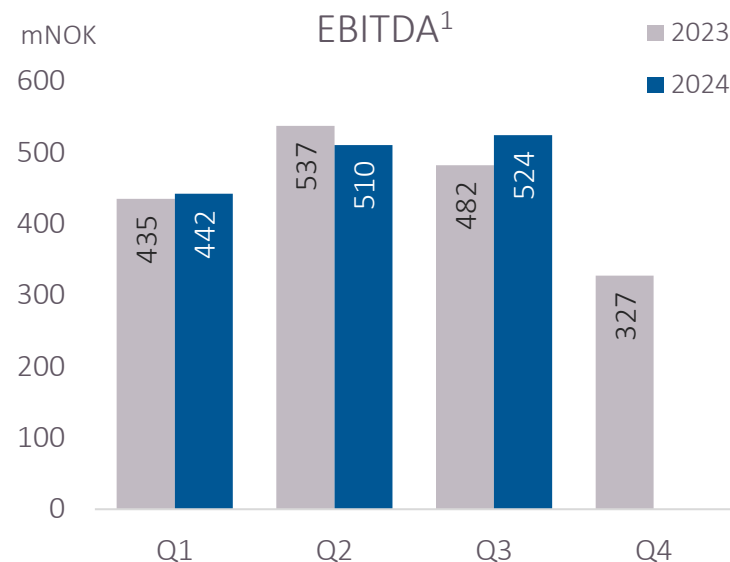
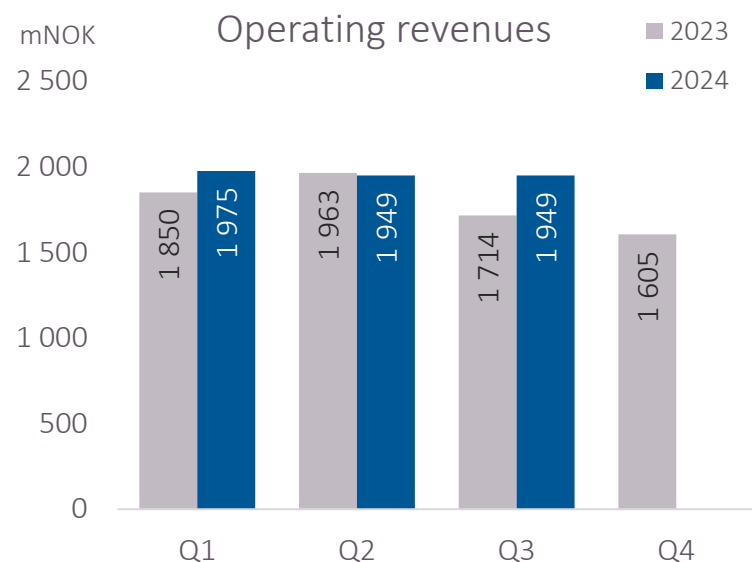
- Energy consumption, spot energy prices and energy related raw material prices expected to seasonally increase in Q4 vs Q3-24
- The annual maintenance stop at the Sarpsborg site will affect production volume in Q4

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

Financial performance Q3-24



Borregaard key figures – Q3



Revenues 14% above Q3-23

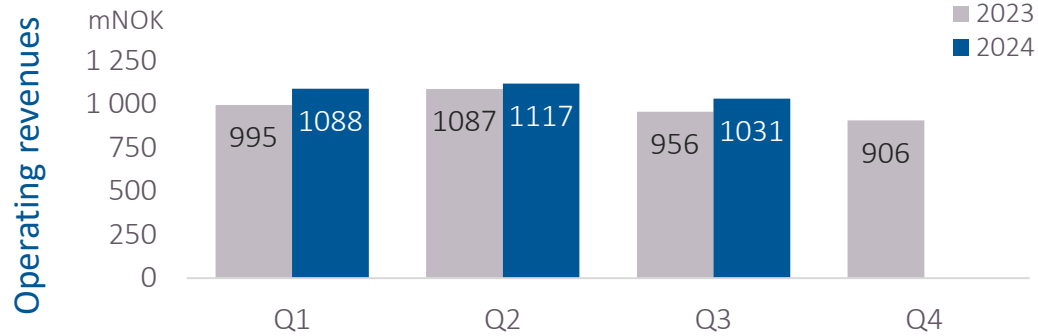
EBITDA¹ 524 mNOK for the Group

- Increased results in BioSolutions and Fine Chemicals, lower result in BioMaterials
- Higher sales volume in all segments, partly offset by increased wood costs and general cost inflation

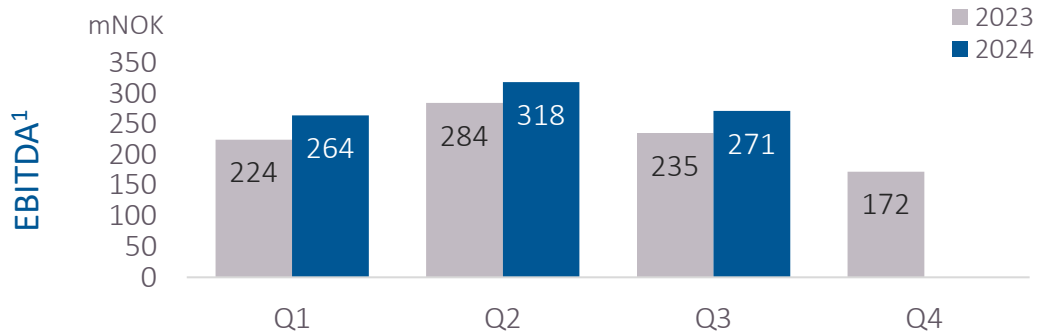
Earnings per share (EPS) NOK 2.51 (NOK 2.38)

¹ Alternative performance measure, see Appendix for definition

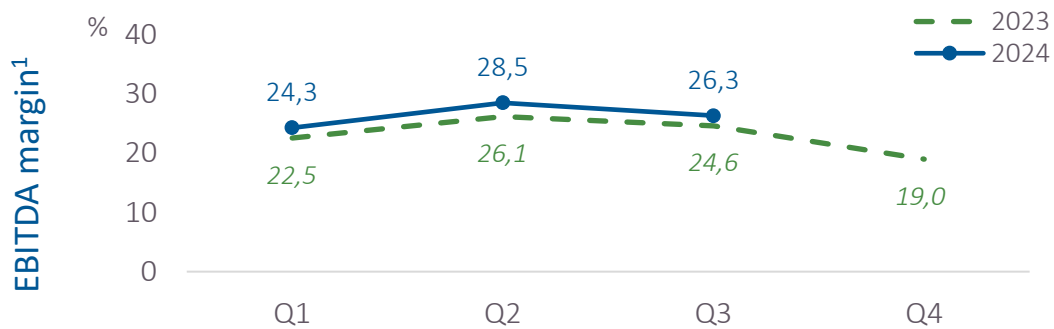
BioSolutions key figures – Q3



- Revenues 8% above Q3-23
- Higher sales volume



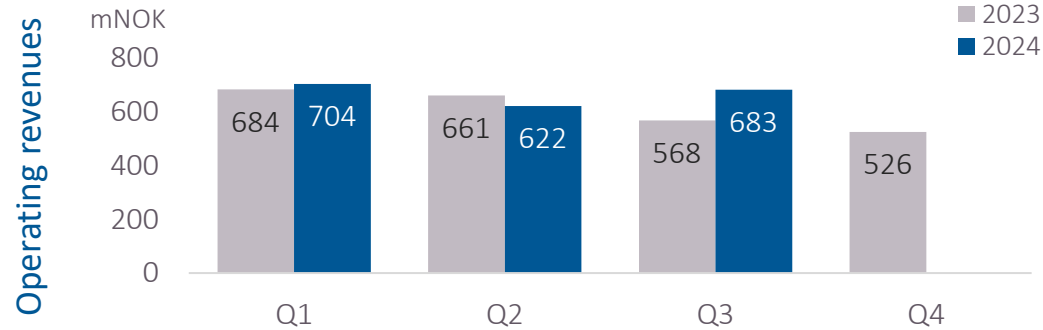
- Higher sales volume, mainly to agriculture
- Considering the higher sales volume, operating expenses were at Q3-23 level
- Slightly positive net currency



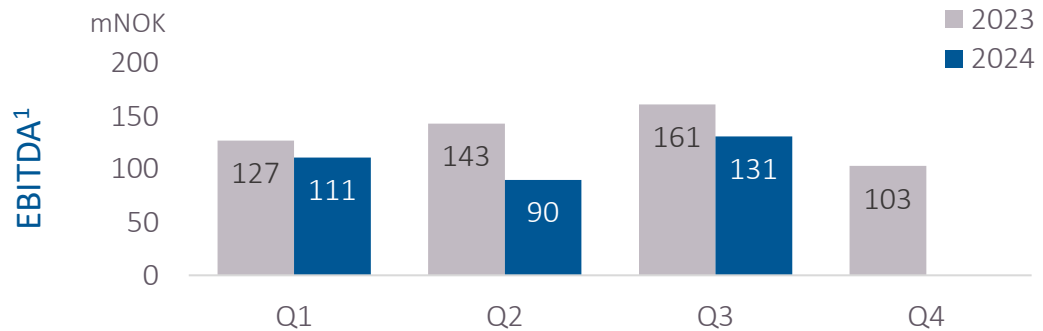
- Strong EBITDA margin¹, slightly above Q3-23

¹ Alternative performance measure, see Appendix for definition

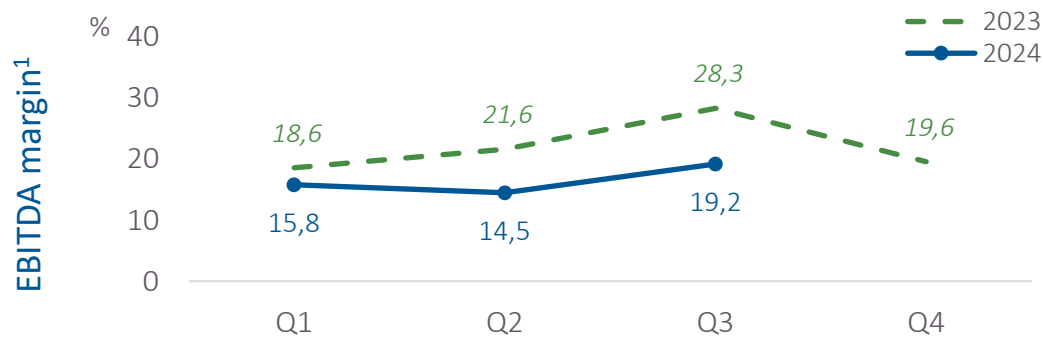
BioMaterials key figures – Q3



- Revenues 20% above Q3-23
- Significantly higher deliveries



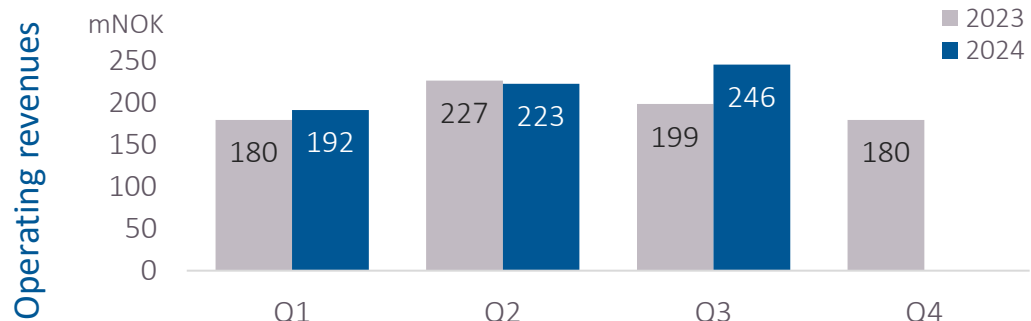
- Higher deliveries and price increases for certain cellulose grades
- Increased wood costs and other operating expenses
- Insignificant net FX effects



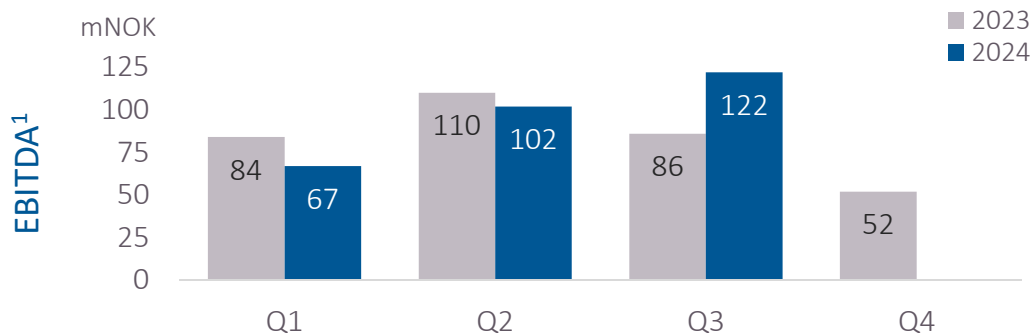
- EBITDA margin¹ ≈9%-points below Q3-23

¹ Alternative performance measure, see Appendix for definition

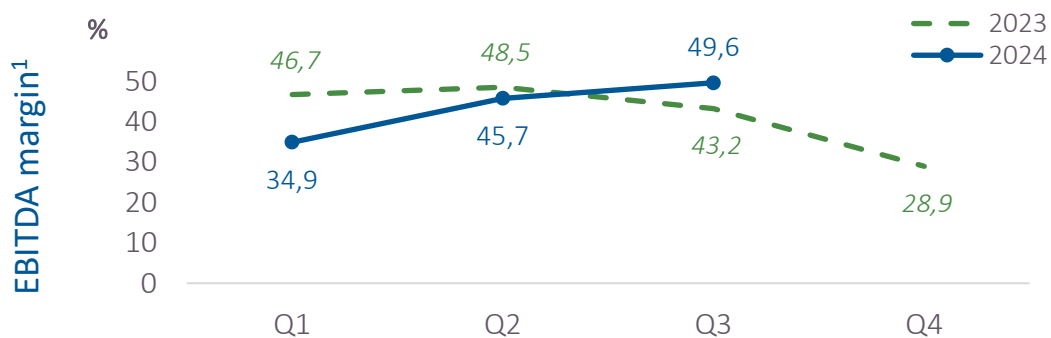
Fine Chemicals key figures – Q3



- Revenues 24% above Q3-23
- High deliveries of bioethanol



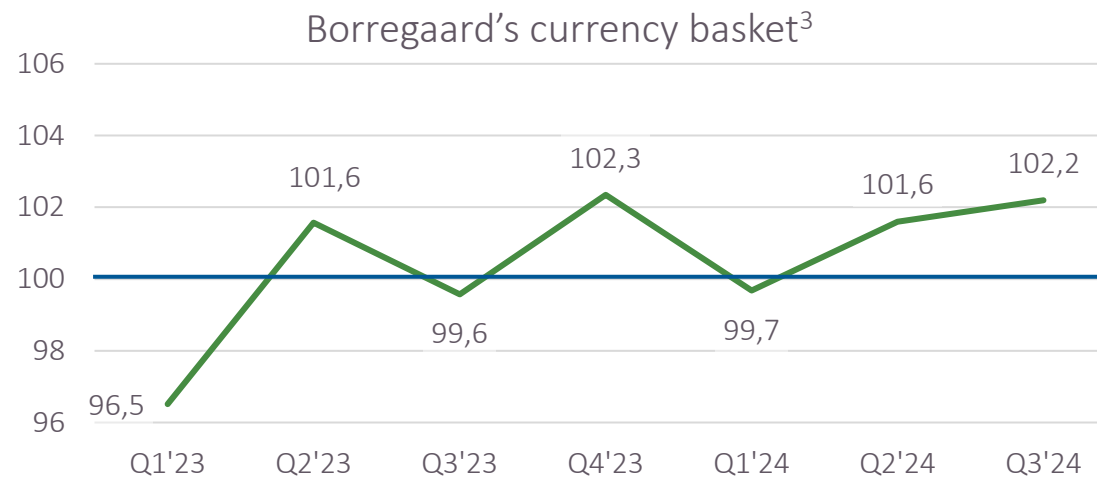
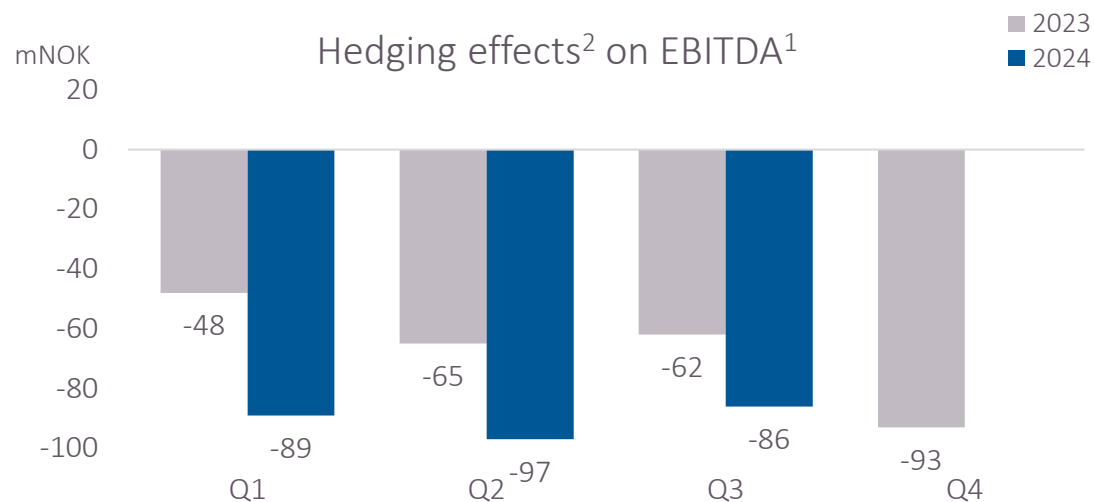
- *Fine chemical intermediates*: Favourable product mix
- *Bioethanol*: Significantly higher deliveries
- Insignificant net FX effects



- Solid EBITDA margin¹

¹ Alternative performance measure, see Appendix for definition

Currency impact



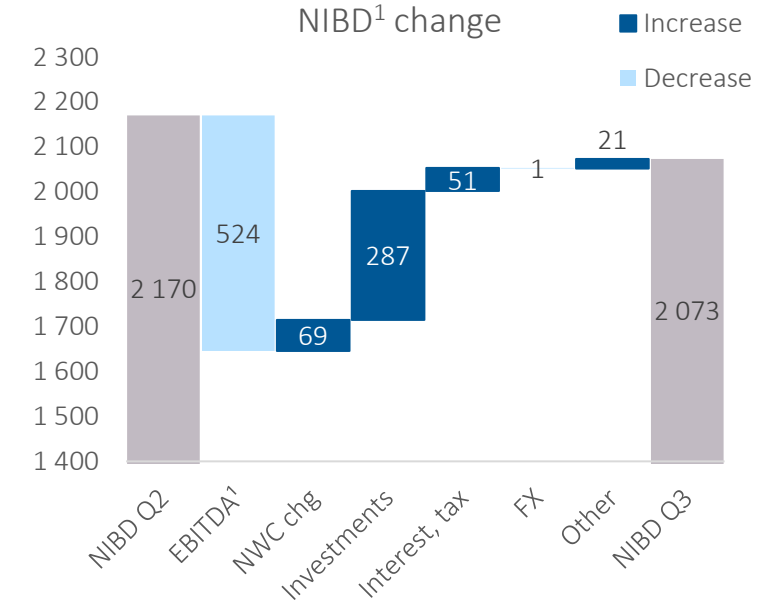
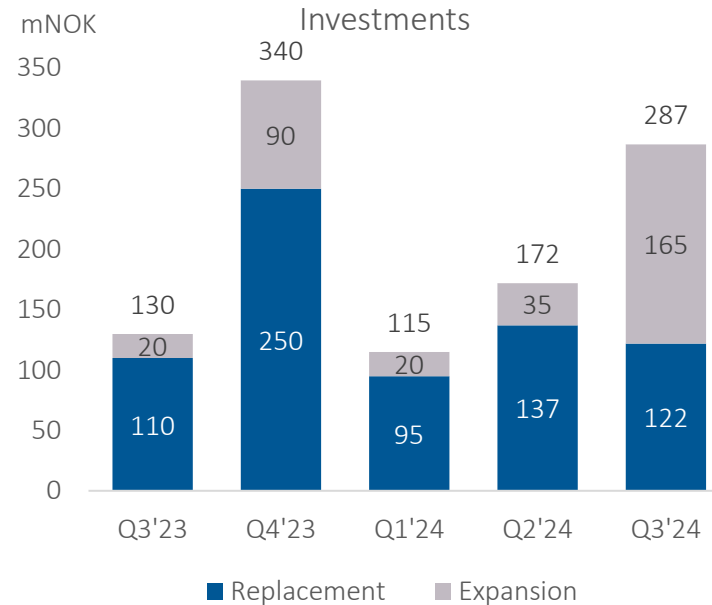
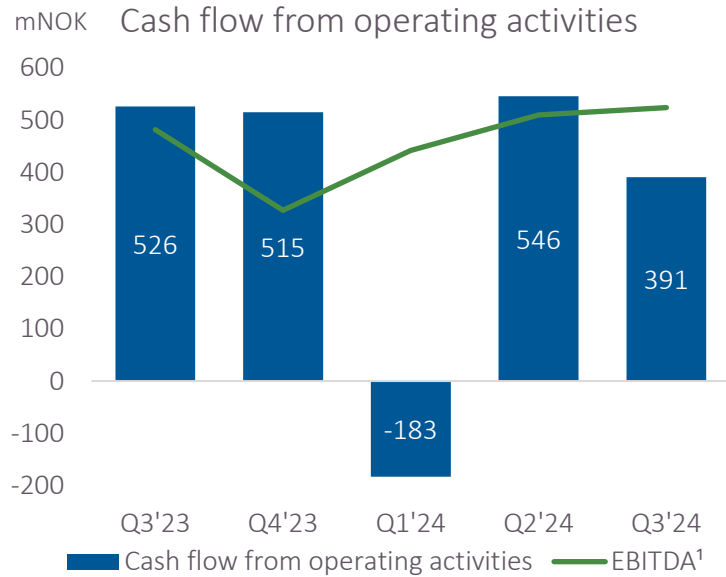
- Net FX EBITDA¹ impact ≈ +5mNOK vs Q3-23
 - Includes change in hedging effects and based on estimated FX exposure
- Net FX EBITDA¹ impact in 2024 estimated to be ≈ -20 mNOK vs 2023
 - Assuming rates as of 29 October (USD 10.99 and EUR 11.84) on expected FX exposure
 - Net FX EBITDA¹ impact in Q4 estimated to be ≈ +10 mNOK vs Q4-23
- 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



Cash flow in Q3

- Cash effect from a high EBITDA¹ partly offset by an increase in net working capital

Total investments 287 mNOK

- Investment in Alginor ASA the main expenditure (150 mNOK)

NIBD¹ decreased 97 mNOK in Q3

- Leverage ratio¹ 1.15 (1.03)

Equity ratio¹ 56% (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	Q3-24	Q3-23	Change	YTD-24	YTD-23	Change
Operating revenues	1 949	1 714	14 %	5 873	5 527	6 %
EBITDA ¹	524	482	9 %	1 476	1 454	2 %
Depreciation property, plant and equipment	-138	-121		-405	-351	
Amortisation intangible assets	-1	-1		-4	-4	
Operating profit	385	360	7 %	1 067	1 099	-3 %
Financial items, net	-59	-42		-158	-110	
Profit before taxes	326	318	3 %	909	989	-8 %
Income tax expenses	-78	-76		-216	-238	
Profit for the period	248	242	2 %	693	751	-8 %
Profit attributable to non-controlling interests	-2	5		-1	0	
Profit attributable to owners of the parent	250	237		694	751	
Cash flow from operating activities (IFRS)	391	526		754	1 048	
Earnings per share	2,51	2,38	5 %	6,96	7,54	-8 %
EBITDA margin ¹	26,9 %	28,1 %		25,1 %	26,3 %	

¹ Alternative performance measure, see Appendix for definition

Operating revenues and EBITDA¹ per segment

Amounts in NOK million

Operating revenues	Q3-24	Q3-23	Change
Borregaard	1 949	1 714	14 %
BioSolutions	1031	956	8 %
BioMaterials	683	568	20 %
Fine Chemicals	246	199	24 %
Eliminations	-11	-9	

Amounts in NOK million

EBITDA ¹	Q3-24	Q3-23	Change
Borregaard	524	482	9 %
BioSolutions	271	235	15 %
BioMaterials	131	161	-19 %
Fine Chemicals	122	86	42 %

Amounts in NOK million

Operating revenues	YTD-24	YTD-23	Change
Borregaard	5 873	5 527	6 %
BioSolutions	3 236	3 038	7 %
BioMaterials	2 009	1 913	5 %
Fine Chemicals	661	606	9 %
Eliminations	-33	-30	

Amounts in NOK million

EBITDA ¹	YTD-24	YTD-23	Change
Borregaard	1476	1454	2 %
BioSolutions	853	743	15 %
BioMaterials	332	431	-23 %
Fine Chemicals	291	280	4 %

¹ Alternative performance measure, see Appendix for definition

Balance sheet

Amounts in NOK million	30.9.2024	30.6.2024	31.12.2023
Assets:			
Intangible assets	76	76	84
Property, plant and equipment	4 801	4 782	4 661
Right-of-use assets	483	497	527
Other assets	354	390	437
Investments in joint venture/associate companies	424	278	289
Non-current assets	6 138	6 023	5 998
Inventories	1 360	1 356	1 447
Receivables	1 563	1 494	1 201
Cash and cash deposits	172	311	469
Current assets	3 095	3 161	3 117
Total assets	9 233	9 184	9 115
Equity and liabilities:			
Group equity	5 098	4 907	4 855
Non-controlling interests	39	42	39
Equity	5 137	4 949	4 894
Provisions and other liabilities	400	366	401
Interest-bearing liabilities	1 938	2 005	2 016
Non-current liabilities	2 338	2 371	2 417
Interest-bearing liabilities	309	478	246
Other current liabilities	1 449	1 386	1 558
Current liabilities	1 758	1 864	1 804
Equity and liabilities	9 233	9 184	9 115
Equity ratio ¹ (%):	55,6 %	53,9 %	53,7 %

¹ Alternative performance measure, see Appendix for definition

Cash flow

Amounts in NOK million	Q3-24	Q3-23	YTD-24	YTD-23	FY-2023
Amounts in NOK million					
Profit before taxes	326	318	909	989	1 124
Amortisation, depreciation and impairment charges	139	122	409	355	490
Change in net working capital, etc	-69	87	-341	-87	205
Dividend/share of profit from JV & associate companies	6	1	16	9	9
Taxes paid	-11	-2	-239	-218	-265
Cash flow from operating activities	391	526	754	1 048	1 563
Investments property, plant and equipment and intangible assets *	-137	-130	-424	-374	-667
Investment in associate companies & bio-based start-ups*	-150	-	-150	-124	-171
Other capital transactions	3	2	10	7	9
Cash flow from Investing activities	-284	-128	-564	-491	-829
Dividends	-	-	-374	-324	-324
Proceeds from exercise of options/shares to employees	1	-	51	45	49
Buy-back of treasury shares	-3	-	-59	-49	-92
Gain/(loss) on hedges for net investments in subsidiaries	5	12	-35	-76	-38
Net paid to/from shareholders	3	12	-417	-404	-405
Proceeds from interest-bearing liabilities	-	-	500	800	800
Repayment from interest-bearing liabilities	-270	-28	-694	-488	-843
Change in interest-bearing liabilities/other instruments	-3	-9	27	51	33
Change in net interest-bearing liabilities	-273	-37	-167	363	-10
Cash flow from financing activities	-270	-25	-584	-41	-415
Change in cash and cash equivalents	-163	373	-394	516	319
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
Cash and cash equivalents at the close of the period	45	645	45	645	429
* Investment by category					
Replacement Investments	122	110	354	300	550
Expansion investments 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

¹ Alternative performance measure, see Appendix for definition

Net financial items & net interest-bearing debt¹

Amounts in NOK million

Net financial items	Q3-24	Q3-23	YTD-24	YTD-23
Net interest expenses	-40	-37	-121	-101
Currency gain/loss	-9	-4	-11	1
Share of profit/-loss from an associate	-6	-2	-16	-5
Other financial items, net	-4	1	-10	-5
Net financial items	-59	-42	-158	-110

Amounts in NOK million

Net interest-bearing debt ¹ (NIBD)	30.9.2024	30.6.2024	31.12.2023
Non-current interest-bearing liabilities	1 938	2 005	2 016
Current interest-bearing liabilities including overdraft	309	478	246
Non-current interest-bearing receivables (included in "Other Assets")	-2	-2	-2
Cash and cash deposits	-172	-311	-469
Net interest-bearing debt¹ (NIBD)	2 073	2 170	1 791
- of which impact from IFRS 16 leases	527	539	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 10.50 to 11.00
 USD; gradually increased at effective rates from 9.50 to 10.00
- **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 29.10.24)

	USD million	USD rate	EUR million	EUR rate
Q4-2024	45	9.59	33	10.62
2025	158	9.92	125	10.89
2026	144	10.42	114	11.71
2027	87	10.52	74	11.97

Hedging effects by segment

NOK million	YTD-24	YTD-23	Q3-24	Q3-23
BioSolutions	-129	-85	-38	-31
BioMaterials	-108	-67	-36	-22
Fine Chemicals	-35	-23	-12	-9
Borregaard	-272	-175	-86	-62

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

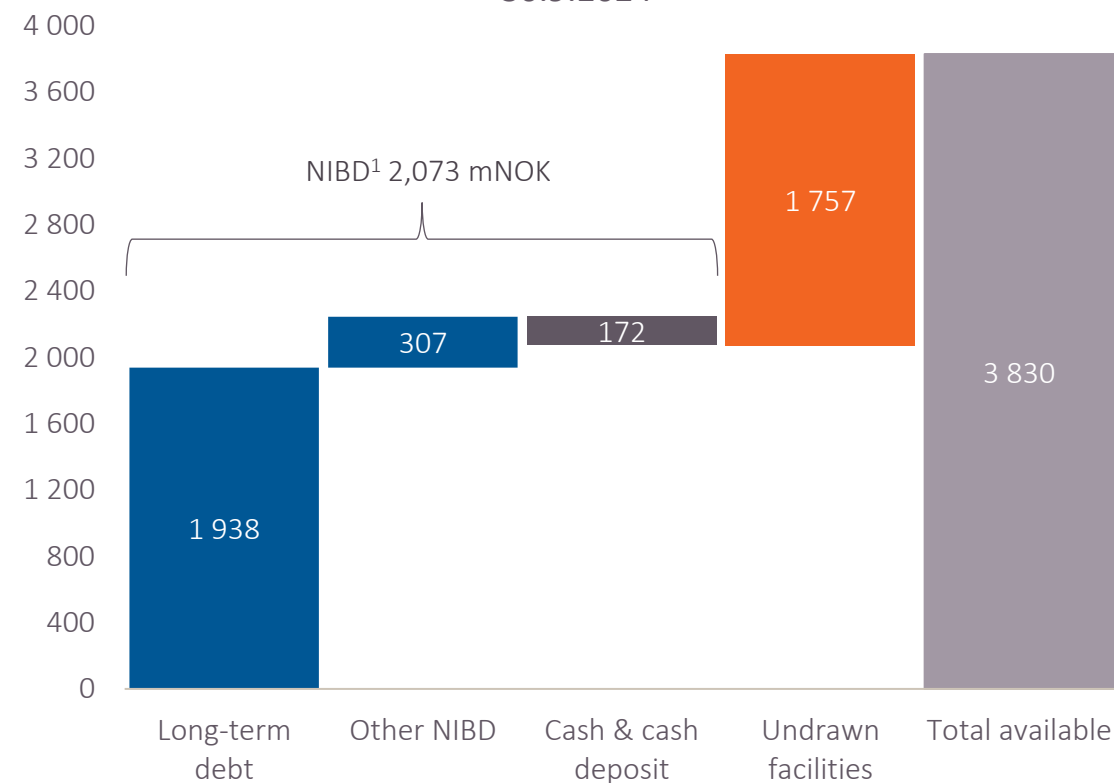
Short-term credit facilities

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

Solidity

- Equity ratio¹ 55.6%
- Leverage ratio¹ LTM 1.15 (covenant < 3.50)

Debt and undrawn facilities
30.9.2024



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, investments in bio-based start-ups, 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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