



Borregaard

INTERIM REPORT

1ST QUARTER 2022



CONTENTS

03	1 st quarter in brief
04	The Group
06	The business areas
06	BioSolutions
07	BioMaterials
08	Fine Chemicals
09	Foreign exchange and hedging
09	Cash flow and financial situation
10	Share information
10	Other matters and subsequent events
11	Outlook
12	The Group's interim condensed income statement
12	Interim earnings per share
12	The Group's interim condensed comprehensive income statement
13	The Group's interim condensed statement of financial position
13	Interim condensed changes in equity
14	The Group's interim condensed cash flow statement
15	Notes
21	Alternative performance measures

Q1 2022

1ST QUARTER IN BRIEF

- EBITDA¹ NOK 400 million (NOK 302 million)²
- Improved result in all business areas
- Increased sales prices and strong product mix in BioSolutions
- Higher sales prices in BioMaterials
- Increased deliveries and sales prices in Fine Chemicals
- Higher energy, freight and raw material costs
- Cash flow negatively affected by significant increase in net working capital

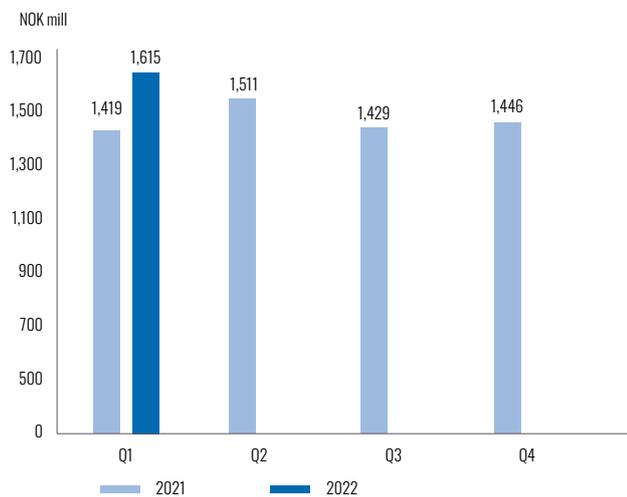
¹ Alternative performance measure, see page 21 for definition.

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

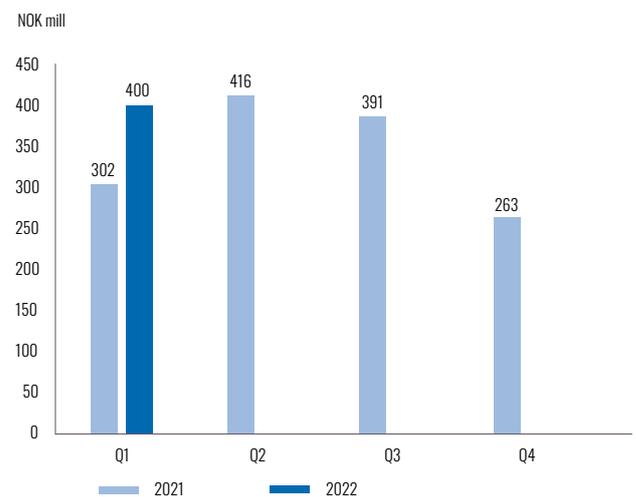
THE GROUP

Amounts in NOK million	Note	1.1-31.3		1.1-31.12
		2022	2021	2021
Operating revenues	2	1,615	1,419	5,805
EBITDA ¹		400	302	1,372
Operating profit		291	195	952
Profit/loss before taxes	2	277	176	873
Earnings per share (NOK)		2.18	1.47	6.95
Net interest-bearing debt ¹	11	1,535	1,675	1,417
Equity ratio ¹ (%)		61.7	56.9	60.1
Leverage ratio ¹		1.04	1.41	1.03
Return on capital employed ¹ (%)		17.4	12.4	16.1

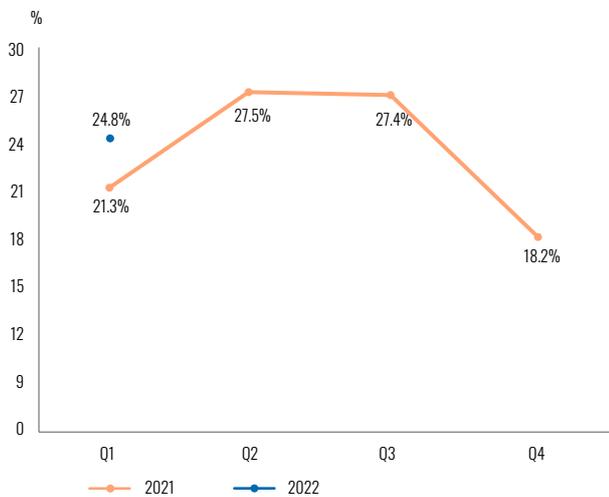
OPERATING REVENUES



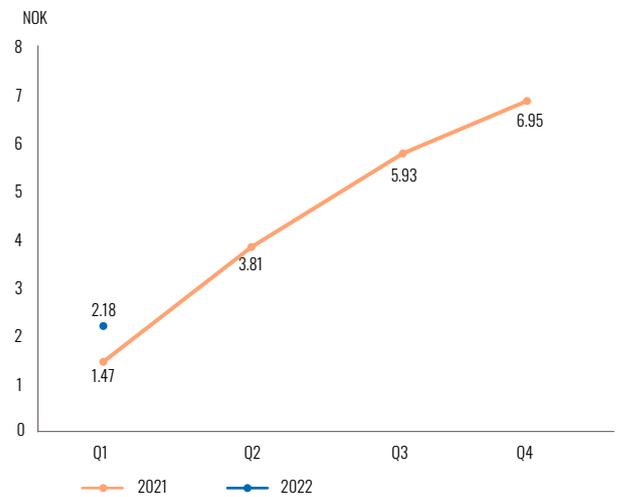
EBITDA¹



EBITDA MARGIN¹



EARNINGS PER SHARE CUMULATIVE



¹ Alternative performance measure, see page 21 for definition.

FIRST QUARTER

Borregaard's operating revenues reached NOK 1,615 million (NOK 1,419 million)² in the 1st quarter of 2022. EBITDA¹ was NOK 400 million (NOK 302 million). The result increased in all business areas. The net currency impact on EBITDA¹ was positive compared with the 1st quarter of 2021.

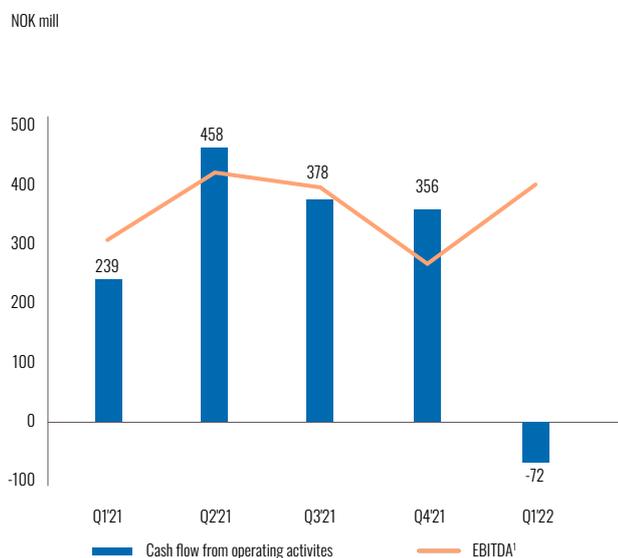
Higher sales prices and a strong product mix, partly offset by increased energy and freight costs, were the main reasons for the EBITDA¹ improvement in BioSolutions. Higher sales prices more than compensated for lower deliveries and increased energy and raw material costs in BioMaterials. For Fine Chemicals, the EBITDA¹ increase was due to higher deliveries and increased sales prices, partly offset by increased costs.

Operating profit reached NOK 291 million (NOK 195 million). Net financial items were NOK -14 million (NOK -19 million). Profit before tax was NOK 277 million (NOK 176 million). Tax expense of NOK -68 million (NOK -43 million), gave a tax rate of 25% (24%) in the quarter.

Earnings per share was NOK 2.18 (NOK 1.47).

Cash flow from operating activities was NOK -72 million (NOK 239 million). The cash flow was negatively affected by a significant increase in net working capital. This was mainly due to increased sales prices, affecting accounts receivable, and higher inventory values related to cost increases.

CASH FLOW FROM OPERATING ACTIVITIES



¹ Alternative performance measure, see page 21 for definition.

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

BUSINESS AREAS

BIOSOLUTIONS

Amounts in NOK million	1.1-31.3		1.1-31.12
	2022	2021	2021
Operating revenues	948	812	3,469
EBITDA ¹	261	205	942
EBITDA margin ¹ (%)	27.5	25.2	27.2

FIRST QUARTER

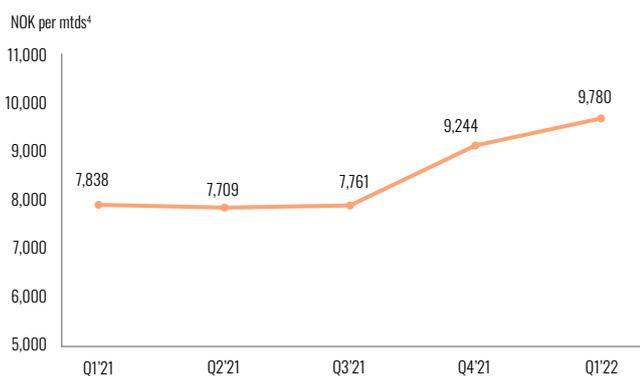
BioSolutions' operating revenues reached NOK 948 million (NOK 812 million). EBITDA¹ increased to NOK 261 million (NOK 205 million).

Higher sales prices and a strong product mix were the main reasons for the EBITDA¹ improvement, partly offset by substantial cost increases, primarily for energy and freight. In particular, the contribution from applications within agriculture, construction and oilfield chemicals increased. Net currency effects were positive.

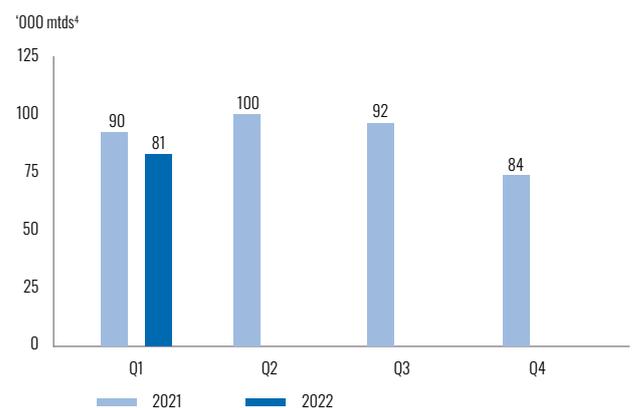
The average price in sales currency was 23% higher than in the 1st quarter of 2021 due to price increases and a strong product mix. A tight market for synthetic vanillin and ethyl vanillin continued to have a positive impact.

The sales volume was 10% lower compared with the 1st quarter of 2021, mainly due to reduced raw material supply in the quarter, which primarily affected sales to low-value markets.

AVERAGE GROSS SALES PRICE³



SALES VOLUME



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

¹ Alternative performance measure, see page 21 for definition.

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

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

⁴ Metric tonne dry solid.

BIOMATERIALS

Amounts in NOK million	1.1-31.3		1.1-31.12
	2022	2021	2021
Operating revenues	532	523	1,878
EBITDA ¹	97	64	284
EBITDA margin ¹ (%)	18.2	12.2	15.1

FIRST QUARTER

Operating revenues in BioMaterials were NOK 532 million (NOK 523 million) in the 1st quarter. EBITDA¹ increased to NOK 97 million (NOK 64 million).

The effect of higher sales prices for speciality cellulose more than compensated for lower deliveries, increased energy spot prices and higher raw material costs. The net currency impact was positive.

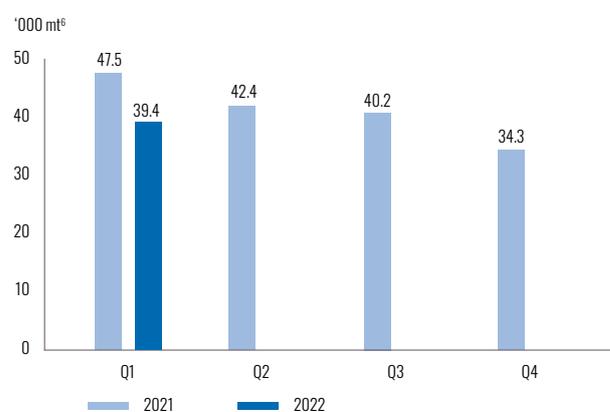
The average price in sales currency increased by 19% due to strong demand and a tight specialty cellulose market.

The high sales volume in the 1st quarter of 2021 was due to a significant inventory reduction.

AVERAGE GROSS SALES PRICE⁵



SALES VOLUME



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

¹ Alternative performance measure, see page 21 for definition.

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

⁶ Metric tonne.

FINE CHEMICALS

Amounts in NOK million	1.1-31.3		1.1-31.12
	2022	2021	2021
Operating revenues	143	90	491
EBITDA ¹	42	33	146
EBITDA margin ¹ (%)	29.4	36.7	29.7

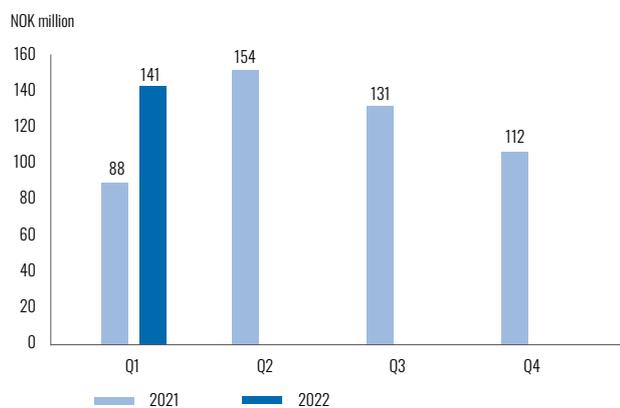
FIRST QUARTER

Fine Chemicals' operating revenues were NOK 143 million (NOK 90 million). EBITDA¹ increased to NOK 42 million (NOK 33 million).

EBITDA¹ improved due to higher deliveries and increased sales prices, partly offset by increased costs. The net currency impact was positive.

The cost of the main raw material for fine chemical intermediates increased substantially, driven by energy prices. Bioethanol had higher deliveries and increased sales prices compared with the 1st quarter last year.

FINE CHEMICALS – SALES REVENUES



Sales revenues include pharma intermediates and bioethanol.

¹ 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 1st quarter of 2021, the net impact of foreign exchange on EBITDA¹, including hedging effects, was NOK 30 million. Hedging effects were NOK 10 million (NOK -15 million) in the quarter.

Assuming currency rates as of 2 May 2022 (USD 9.43 and EUR 9.92) and based on currency exposure forecasts, Borregaard expects a net impact of foreign exchange on EBITDA¹ of approximately NOK 60 million in the 2nd quarter of 2022 and NOK 175 million for the full year of 2022.

CASH FLOW AND FINANCIAL SITUATION

FIRST QUARTER

Cash flow from operating activities in the 1st quarter was NOK -72 million (NOK 239 million). The cash flow was negatively affected by a significant increase in net working capital. This was mainly due to increased sales prices, affecting accounts receivable, and higher inventory values related to cost increases. The cash effect from an improved EBITDA¹ was partly offset by higher tax payments compared with the 1st quarter of 2021.

Investments amounted to NOK 87 million (NOK 95 million). Expansion investments¹ totalled NOK 16 million (NOK 36 million).

The Group has sold and repurchased treasury shares with net proceeds of NOK 23 million (NOK -27 million). Realised effect of hedging of net investments in subsidiaries was NOK 31 million (NOK 9 million).

On 31 March 2022, the Group had net interest-bearing debt¹ totalling NOK 1,535 million (NOK 1,675 million), an increase of NOK 118 million from year-end 2021.

At the end of March, the Group was well capitalised with an equity ratio¹ of 61.7% (56.9%) and a leverage ratio¹ of 1.04 (1.41).

¹ Alternative performance measure, see page 21 for definition.

SHARE INFORMATION

In February, 200,000 share options at a strike price of NOK 228.75 were granted under the long-term incentive programme. The options will expire after five years, the vesting period is three years, and the options may be exercised during the last two years. For more details, see notification to Oslo Stock Exchange on 17 February 2022.

As part of the employee share programme, Borregaard sold a total of 162,810 shares to employees in February 2022. The price was NOK 152.50 per share after deduction of a 25% discount. For more details, see notifications to Oslo Stock Exchange on 7 and 14 February and 1 March 2022.

In the 1st quarter, 5,307 share options were exercised at a strike price of NOK 91.56 per share, 15,500 share options were exercised at a strike price of NOK 70.95 per share, and 5,000 share options were exercised at a strike price of NOK 75.30 per share.

In the 1st quarter, Borregaard repurchased a total of 21,620 treasury shares at an average price of NOK 188.43.

Total number of shares outstanding on 31 March 2022 was 100 million, including 247,865 treasury shares.

Total number of shareholders was 8,022. Borregaard ASA's share price was NOK 174.40 at the end of the quarter (NOK 222.00 at the end of 2021).

OTHER MATTERS AND SUBSEQUENT EVENTS

New long-term sustainability-linked loan agreement

Borregaard has entered into a ten-year sustainability-linked loan agreement with the Nordic Investment Bank (NIB). The USD 50 million loan will contribute to financing Borregaard's investments to reduce CO₂ emissions and water effluents. See notice to Oslo Stock Exchange as of 24 March 2022

Annual General Meeting

Borregaard ASA held its Annual General Meeting on 7 April 2022. The financial statements of Borregaard ASA and the Group, including the proposal to pay

an ordinary dividend of NOK 2.75 per share and an extraordinary dividend of NOK 2.25 per share, were approved. The dividend was paid out on 21 April 2022 with a total amount of NOK 499 million.

The Annual General Meeting re-elected Helge Aasen as the chair of the Board of Directors. Terje Andersen, Tove Andersen, Margrethe Hauge and John Arne Ulvan were re-elected as members of the Board. See notice to Oslo Stock Exchange as of 7 April 2022.

OUTLOOK

In 2022, the total sales volume in BioSolutions is expected to be slightly below the 2021 volume. The positive market development within several biopolymer applications is expected to continue, improving both product mix and average price in sales currency. The vanillin market is expected to remain strong, and the new biovanillin capacity will be phased gradually into the market. For the full year, cost increases, primarily driven by freight and energy costs, are expected to largely offset the effect of a positive market development.

In BioMaterials, the average price in sales currency for the full year is expected to be approximately 20% above the 2021 level, mainly driven by continued strong demand and a tight specialty cellulose market. Total sales volume for the full year is expected to be lower than in 2021, and aligned with the production volume. However, the volume of highly specialised grades is expected to be in line with 2021. The positive impact from price increases and an improved product mix will be partly offset by increased energy, raw

material and freight costs. Sales growth is expected to continue for cellulose fibrils.

The market conditions for biofuel in several EU countries are favourable with increased sales prices. Bioethanol sales will mainly be into these markets in 2022. An improved product mix for fine chemical intermediates is not expected to fully compensate for increased raw material costs.

Energy and raw material costs will increase in the 2nd quarter compared with the 1st quarter of 2022. Energy spot prices represent the largest uncertainty for the rest of the year.

Borregaard monitors potential consequences of the war in Ukraine closely. Sales to and sourcing from Russia, Belarus and Ukraine were limited prior to the war. Indirect consequences may occur as a result of potential impact on the global economy.

Sarpsborg, 2 May 2022
The Board of Directors of Borregaard ASA

THE GROUP'S INTERIM CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1 - 31.3		1.1 - 31.12
		2022	2021	2021
Operating revenues	2	1,615	1,419	5,805
Operating expenses		-1,215	-1,117	-4,433
Depreciation property, plant and equipment		-108	-106	-416
Amortisation intangible assets		-1	-1	-4
Other income and expenses ¹	3	-	-	-
Operating profit		291	195	952
Financial items, net	4	-14	-19	-79
Profit before taxes		277	176	873
Income tax expense	5	-68	-43	-213
Profit for the period		209	133	660
Profit attributable to non-controlling interests		-8	-13	-32
Profit attributable to owners of the parent		217	146	692
EBITDA¹		400	302	1,372

INTERIM EARNINGS PER SHARE

Amounts in NOK		1.1 - 31.3		1.1 - 31.12
		2022	2021	2021
Earnings per share (100 mill. shares)	6	2.18	1.47	6.95
Diluted earnings per share	6	2.17	1.46	6.94

THE GROUP'S INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.1 - 31.3		1.1 - 31.12
		2022	2021	2021
Profit for the period		209	133	660
Items not to be reclassified to P&L				
Actuarial gains and losses (after tax)		-	-	55
Total		-	-	55
Items to be reclassified to P&L				
Change in hedging-reserve after tax (cash flow)	8	124	136	86
Change in hedging-reserve after tax (net investment in subsidiaries)	8	9	5	-9
Translation effects		-4	-9	25
Total		129	132	102
The Group's comprehensive income		338	265	817
Comprehensive income non-controlling interests		-9	-12	-28
Comprehensive income owners of the parent		347	277	845

¹ Alternative performance measure, see page 21 for definition.

THE GROUP'S INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	Note	31.3.2022	31.12.2021
Intangible assets	13	86	89
Property, plant and equipment	13	4,180	4,191
Right-of-use assets		351	351
Other assets	9	393	339
Investments in joint venture/associate company	4	174	173
Non-current assets		5,184	5,143
Inventories		878	792
Receivables	9	1,416	1,107
Cash and cash deposits	11	103	124
Current assets		2,397	2,023
Total assets		7,581	7,166
Group equity	10	4,602	4,222
Non-controlling interests		75	84
Equity		4,677	4,306
Provisions and other liabilities		274	257
Interest-bearing liabilities	9, 11	1,418	1,320
Non-current liabilities		1,692	1,577
Interest-bearing liabilities	9, 11	223	224
Other current liabilities	9	989	1,059
Current liabilities		1,212	1,283
Equity and liabilities		7,581	7,166
Equity ratio ¹		61.7 %	60.1 %

INTERIM CONDENSED CHANGES IN EQUITY

Amounts in NOK million	Note	1.1 - 31.3.2022			1.1 - 31.12.2021		
		Controlling interests	Non-controlling interests	Total equity	Controlling interests	Non-controlling interests	Total equity
Equity 1 January		4,222	84	4,306	3,668	110	3,778
Profit/loss for the period		217	-8	209	692	-32	660
Items in Comprehensive Income	8	130	-1	129	153	4	157
The Group's Comprehensive income	8	347	-9	338	845	-28	817
Paid dividend		-	-	-	-249	-	-249
Buy-back of treasury shares		-4	-	-4	-118	-	-118
Exercise of share options		2	-	2	38	-	38
Reduced tax payable of exercised share options		-	-	-	-	-	-
Shares to employees		33	-	33	28	-	28
Option costs (share based payment)		2	-	2	10	-	10
Transactions with non-controlling interests		-	-	-	-	2	2
Equity at the end of the period		4,602	75	4,677	4,222	84	4,306

¹ Alternative performance measure, see page 21 for definition.

THE GROUP'S INTERIM CONDENSED CASH FLOW STATEMENT

Amounts in NOK million	Note	1.1 - 31.3		1.1 - 31.12
		2022	2021	2021
Profit before taxes		277	176	873
Amortisation, depreciation and impairment charges		109	107	420
Changes in net working capital, etc.		-381	5	256
Dividend/share of profit from JV & associate company	4	-	-	6
Taxes paid		-77	-49	-124
Cash flow from operating activities		-72	239	1,431
Investments property, plant and equipment and intangible assets *		-87	-95	-556
Investment in associate company	4	-	-	-145
Other capital transactions		2	4	9
Cash flow from investing activities		-85	-91	-692
Dividends		-	-	-249
Proceeds from exercise of options/shares to employees	10	27	29	59
Buy-back of treasury shares	7	-4	-56	-118
Gain/(loss) on hedges for net investments in subsidiaries		31	9	-14
Net paid to/from shareholders		54	-18	-322
Proceeds from interest-bearing liabilities	11	100	100	300
Repayment from interest-bearing liabilities	11	-14	-217	-814
Change in interest-bearing receivables/other liabilities	11	-2	-8	-1
Change in net interest-bearing liabilities		84	-125	-515
Cash flow from financing activities		138	-143	-837
Change in cash and cash equivalents		-19	5	-98
Cash and cash equivalents at beginning of period		5	96	96
Change in cash and cash equivalents		-19	5	-98
Currency effects cash and cash equivalents		-2	-1	7
Cash and cash equivalents at the close of the period	11	-16	100	5
*Investment by category				
Replacement investments		71	59	398
Expansion investments ¹		16	36	303

¹ 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.

The same accounting principles and methods of calculation have been applied as in the Consolidated Financial Statements for 2021 for the Borregaard Group.

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.

Use of estimates

The same use of estimates has been applied as in the Consolidated Financial Statements for 2021.

NOTE 02 Segments

OPERATING REVENUES

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2022	2021	2021
Borregaard	1,615	1,419	5,805
BioSolutions	948	812	3,469
BioMaterials	532	523	1,878
Fine Chemicals	143	90	491
Eliminations	-8	-6	-33

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

cont. next page

cont. NOTE 02 Segments

EBITDA¹

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2022	2021	2021
Borregaard	400	302	1,372
BioSolutions	261	205	942
BioMaterials	97	64	284
Fine Chemicals	42	33	146
Reconciliation against operating profit & profit before tax			
EBITDA¹	400	302	1,372
Depreciations and write downs	-108	-106	-416
Amortisation intangible assets	-1	-1	-4
Other income and expenses	-	-	-
Operating profit	291	195	952
Financial items, net	-14	-19	-79
Profit before taxes	277	176	873

SALES REVENUES

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2022	2021	2021
Borregaard	1,591	1,394	5,715
BioSolutions	929	793	3,392
BioMaterials	522	513	1,840
Fine Chemicals	141	88	485
Eliminations	-1	-	-2

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 are no Other income and expenses¹ in the 1st quarter of 2022.

NOTE 04 Financial items

NET FINANCIAL ITEMS

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2022	2021	2021
Net interest expenses	-13	-16	-59
Currency gain/loss	1	1	-8
Share of profit/-loss from an associate	-1	-	-2
Other financial items, net	-1	-4	-10
Net financial items	-14	-19	-79

Borregaard holds 25% of the shares in Alginor ASA as of as of 31 March 2022.

¹ Alternative performance measure, see page 21 for definition.

NOTE 05 Income tax expense

The tax rate of 24.5% (24.4%) for the first three months of 2022 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, is accounted for as part of operating profit and profit before tax (due to IFRS 11). There are carry forward losses in the Group which will not be recognised as deferred tax assets, and hence increase the Group's tax rate.

NOTE 06 Earnings per share (EPS)

The share capital consists of 100 million shares. The company holds 247,865 treasury shares. As of 31 March 2022, there are 99,742,686 diluted shares

(99,742,686 as of 31 December 2021). Earnings per diluted share were NOK 2.17 in the 1st quarter (NOK 1.46 in the 1st quarter of 2021).

NOTE 07 Stock options

During the 1st quarter of 2022, 5,307 share options were exercised at a strike price of NOK 91.56, 15,500 share options were exercised at a strike price of NOK 70.95 and 5,000 share options were exercised at a strike price of NOK 75.30 per share.

The Group Executive Management and other key employees hold a total of 1,410,467 stock options in five different share option programmes in Borregaard.

Stock options	Issued 2017	Issued 2018	Issued 2019	Issued 2020	Issued 2021	Issued 2022
Number of stock options	-	211,467	350,000	400,000	249,000	200,000
Strike price (NOK)*	91.56	70.95	75.30	99.60	180.70	228.75
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years
Expiry date	17 February 2022	7 February 2023	6 February 2024	13 February 2025	16 February 2026	17 February 2027

* Strike prices as at 31 March 2022 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	31.3.2022		31.3.2021		31.12.2021	
	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	74	-42	53	-41	39	-45
Hedging reserve after tax	261	-117	187	-112	137	-126

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 2021 to the 1st quarter of 2022. Borregaard has no items defined as level 1. The bond is determined as measurement level 3. The fair value of the bond is deemed to equal its book value.

Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 31 March 2022:

FINANCIAL ASSETS

Amounts in NOK million	Level	31.3.2022		31.12.2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial receivables	2	181	181	188	188
Non-current derivatives	2	195	195	136	136
Current derivatives	2	168	168	116	116
Total financial assets		544	544	440	440

FINANCIAL LIABILITIES

Non-current financial liabilities	2, 3	1,420	1,420	1,322	1,322
Non-current derivatives	2	10	10	30	30
Current financial liabilities	2	223	223	224	224
Current derivatives	2	23	23	32	32
Total financial liabilities		1,676	1,676	1,608	1,608

cont. NOTE 09 Fair value hierarchy**FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE**

Amounts in NOK million		Level 1	Level 2	Level 3
Financial instruments 31.03.2022	-1,132	-	-732	-400
Financial instruments 31.12.2021	-1,168	-	-768	-400

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

NOTE 10 Compilation of Equity

Amounts in NOK million	31.3.2022	31.12.2021
Share capital	100	100
Treasury shares	-	-
Share premium	1,346	1,346
Other paid-in capital	859	822
Translation effects	95	98
Hedging reserve (after tax)	144	11
Actuarial gains/Losses	41	41
Retained earnings	2,017	1,804
Group equity (controlling interests)	4,602	4,222

As of 31 March 2022, the company held 247,865 treasury shares at an average cost of NOK 203.32.

NOTE 11 Net interest-bearing debt¹

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

Amounts in NOK million	31.3.2022	31.12.2021
Non-current interest-bearing liabilities	1,418	1,320
Current interest-bearing liabilities including overdraft of cashpool	223	224
Non-current interest-bearing receivables (included in "Other Assets")	-3	-3
Cash and cash deposits	-103	-124
Net interest-bearing debt¹	1,535	1,417
- of which impact of IFRS 16 Leases	373	371

¹ Alternative performance measure, see page 21 for definition.

NOTE 12 Related parties

The members of the Group Executive Management of Borregaard held a total of 719,361 stock options in the Company as of 31 March 2022.

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 1st quarter of 2022.

NOTE 14 Other matters and subsequent events

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

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

	1.1-31.3		1.1-31.12
EBITDA	2022	2021	2021
Operating profit	291	195	952
Other income and expenses	-	-	-
Amortisation intangible assets	1	1	4
Depreciation and impairment property, plant and equipment	108	106	416
EBITDA	400	302	1,372

	1.1-31.3		1.1-31.12
EBITDA MARGIN	2022	2021	2021
EBITDA	400	302	1,372
Operating revenues	1,615	1,419	5,805
EBITDA margin (%) (EBITDA/operating revenues)	24.8	21.3	23.6

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

EQUITY RATIO	31.03.2022	31.03.2021	31.12.2021
Total equity	4,677	4,027	4,306
Equity & liabilities	7,581	7,080	7,166
Equity ratio (%) (total equity/equity & liabilities)	61.7	56.9	60.1

MEASURE	DESCRIPTION	REASON FOR INCLUDING
EXPANSION INVESTMENTS	Borregaard's investments are either categorised as replacement or expansion. Expansion investments is defined by Borregaard as investments made in order to expand production capacity, produce new products or to improve the performance of existing products. Such investments include business acquisitions, pilot plants, capitalised research and development costs and new distribution set-ups. In 2021, the major expansion investments in Borregaard were related to the investment in Alginor ASA and the biovanillin capacity expansion.	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.

	1.1-31.3 2022	1.1-31.12 2021	1.1-31.12 2021
EXPANSION INVESTMENTS			
Investments property, plant and equipment and intangible assets	87	95	701
Replacement investments	-71	-59	-398
Expansion investmests	16	36	303

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

	1.1-31.3 2022	1.1-31.12 2021	1.1-31.12 2021
OTHER INCOME & EXPENSES			
Other income & expenses	-	-	-

MEASURE	DESCRIPTION	REASON FOR INCLUDING		
NET INTEREST-BEARING DEBT	Net interest-bearing debt is defined by Borregaard as interest-bearing liabilities minus interest-bearing assets.	Net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. Net interest-bearing debt is part of Borregaard's financial covenants (leverage ratio) and is important in understanding the capital structure.		
NET INTEREST-BEARING DEBT		31.03.2022	31.03.2021	31.12.2021
Total non-current interest-bearing liabilities		1,418	1,374	1,320
Total current interest-bearing liabilities including overdraft of cashpool		223	517	224
Non-current interest-bearing receivables (included in "Other assets")		-3	-3	-3
Cash and cash equivalents		-103	-213	-124
Net interest-bearing debt		1,535	1,675	1,417

MEASURE	DESCRIPTION	REASON FOR INCLUDING		
LEVERAGE RATIO	Leverage ratio is defined by Borregaard as net interest bearing debt divided by last twelve months' (LTM) EBITDA.	Leverage ratio is an indicator of the overall strength of the statement of financial position. Borregaard has a targeted leverage ratio between 1.0 and 2.25 over time. Leverage ratio is one of Borregaard's financial covenants on long-term credit facilities.		
LEVERAGE RATIO		31.03.2022	31.03.2021	31.12.2021
Net interest-bearing debt		1,535	1,675	1,417
EBITDA		1,470	1,192	1,372
Leverage ratio (net interest-bearing debt/EBITDA)		1.04	1.41	1.03

MEASURE	DESCRIPTION	REASON FOR INCLUDING		
CAPITAL EMPLOYED	Capital employed is defined by Borregaard as the total of net working capital, intangible assets, property, plant and equipment, right-of-use assets and investment in joint venture and associate company minus net pension liabilities.	Borregaard uses capital employed as basis for calculating ROCE.		
CAPITAL EMPLOYED (END OF YEAR)		31.03.2022	31.03.2021	31.12.2021
Capital employed (end of year)		6,421	5,884	6,043

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

RETURN ON CAPITAL EMPLOYED (ROCE)	31.03.2022	31.03.2021	31.12.2021
Capital employed end of:			
Q1, 2020		6,371	
Q2, 2020		6,091	
Q3, 2020		6,103	
Q4, 2020		5,904	5,904
Q1, 2021	5,884	5,884	5,884
Q2, 2021	5,854		5,854
Q3, 2021	5,991		5,991
Q4, 2021	6,043		6,043
Q1, 2022	6,421		
Average capital employed	6,038	6,071	5,935
EBITA			
EBITDA	1,470	1,192	1,372
Depreciation and impairment property, plant and equipment	-418	-440	-416
EBITA	1,052	752	956
RETURN ON CAPITAL EMPLOYED (ROCE)			
EBITA	1,052	752	956
Average capital employed	6,038	6,071	5,935
Return on capital employed (ROCE) (%) (EBITA/average capital employed)	17.4	12.4	16.1



Q1 2022



Borregaard

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 www.borregaard.com