

# 1<sup>st</sup> Quarter 2025

Oslo, 30 April 2025



# Agenda

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## Per A Sørli, President & CEO

- Highlights
- Business segments
- Tariffs
- Alginor capital raise
- Outlook

## Per Bjarne Lyngstad, CFO

- Financial performance





# Highlights – 1<sup>st</sup> quarter 2025

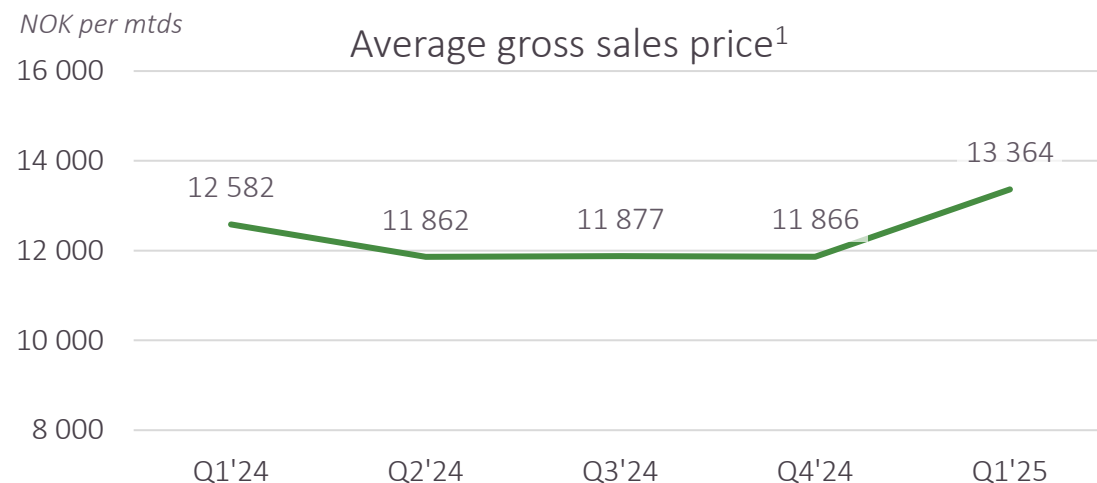
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- EBITDA<sup>1</sup> NOK 511 million (NOK 442 million)
- Strong sales to agriculture and all-time high result in BioSolutions
- Higher sales prices, offset by lower sales volume and increased wood costs in BioMaterials
- Lower sales prices for bioethanol in Fine Chemicals
- Positive net currency effects

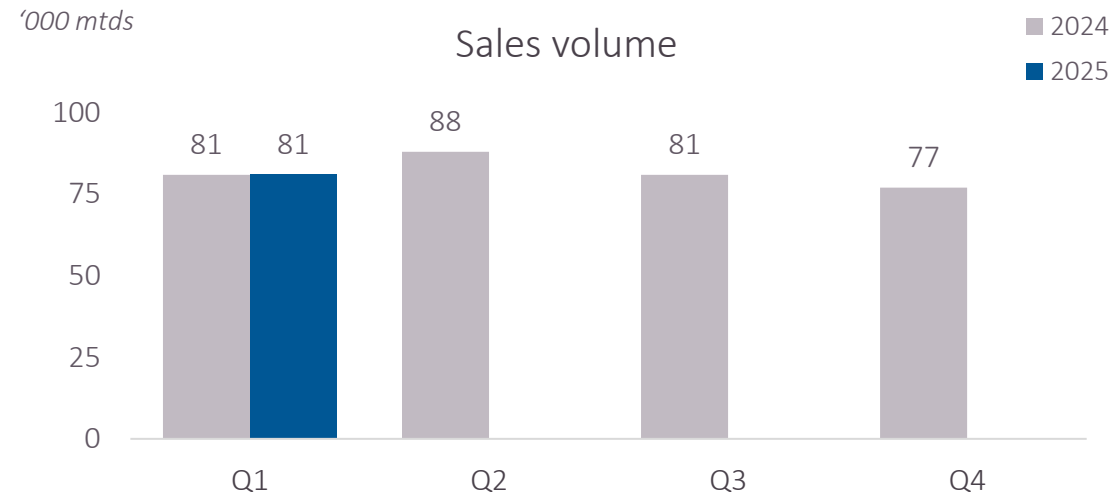


<sup>1</sup> Alternative performance measure, see Appendix for definition

# BioSolutions markets – Q1



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



## Sales volume in line with Q1-24

- Strong sales to agriculture

## Average price in sales currency 2% above Q1-24

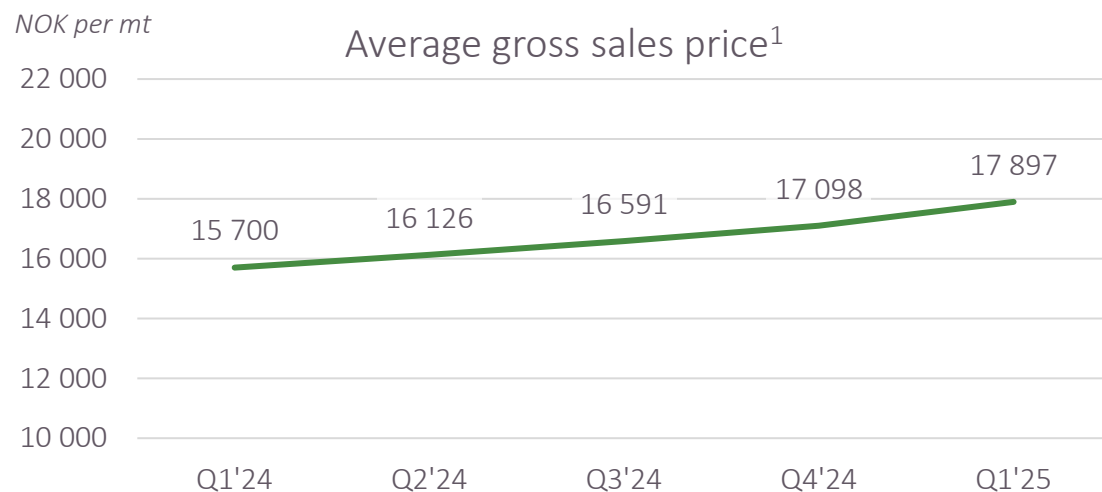
- Average price supported by seasonally strong sales to agriculture

Positive but limited impact for Borregaard's vanillin products from US antidumping duties on vanillin from China

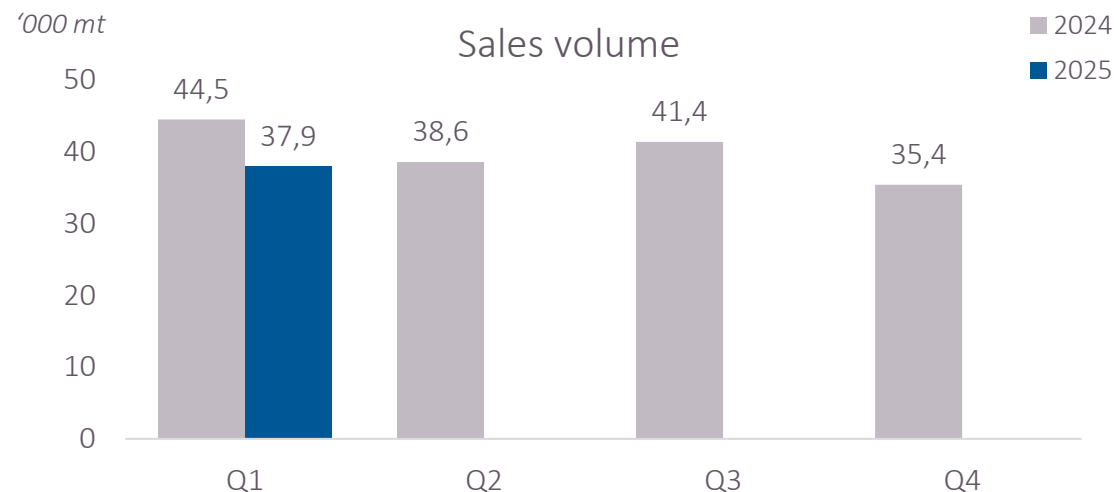
Positive net FX impact

<sup>1</sup> Average sales price is calculated using actual FX rates, excluding hedging impact

# BioMaterials markets – Q1



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



## Average price in sales currency 10% above Q1-24

- Higher average price primarily due to price increases
- Share of highly specialised grades at the same level as Q1-24

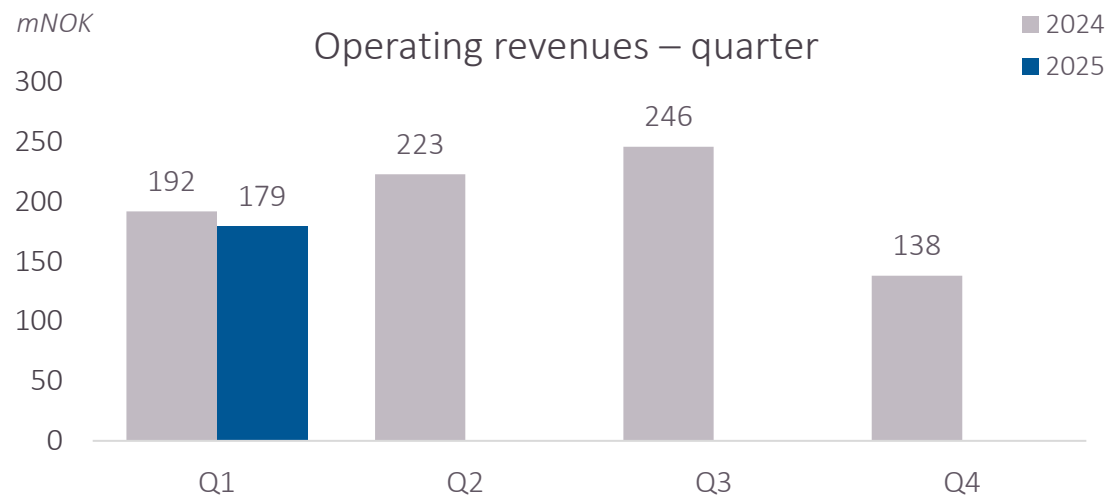
## Lower sales volume vs Q1-24

- Sales from inventory in Q1-24

## Positive FX impact

<sup>1</sup> Average sales price is calculated using actual FX rates, excluding hedging impact

# Fine Chemicals markets – Q1



*Sales revenues include fine chemical intermediates and bioethanol*

## Fine chemical intermediates

- Increased sales prices

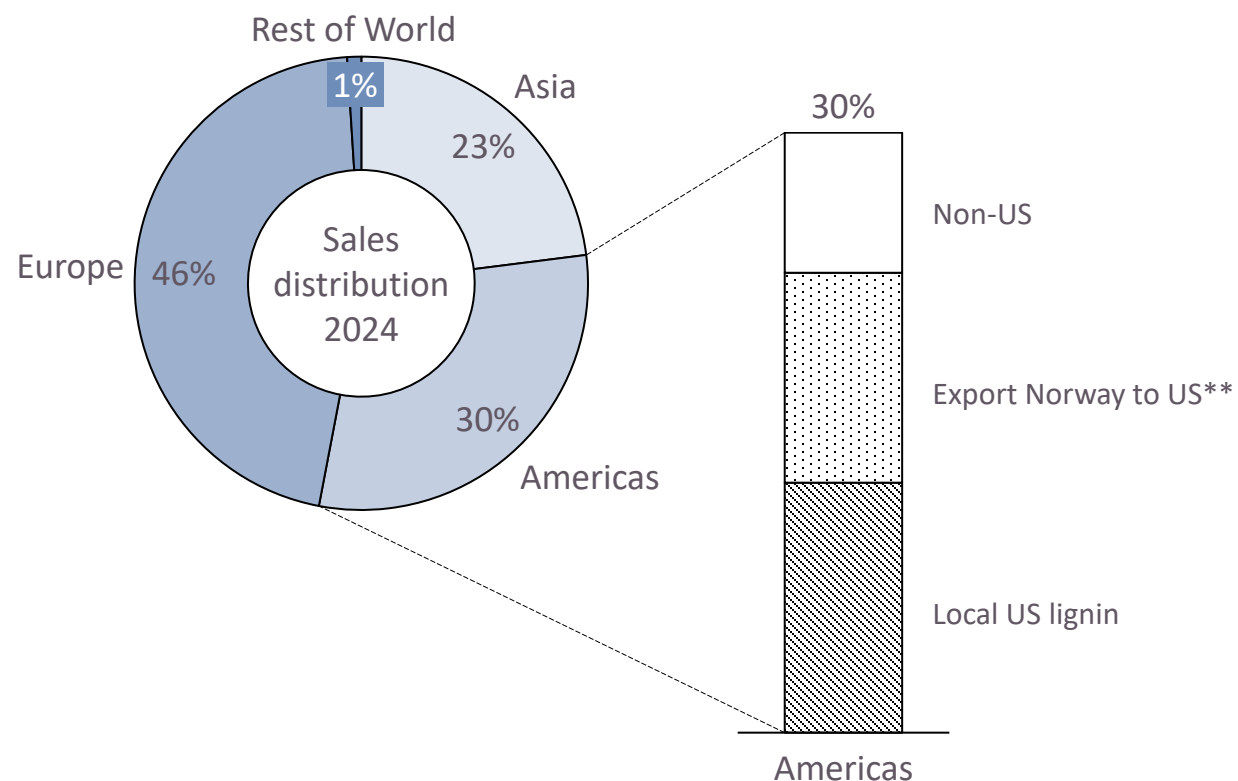
## Bioethanol

- Lower sales prices, partly offset by higher sales volume
- Significant increase in supply of advanced bioethanol in Europe from agricultural waste and other sources

## Positive net FX impact

# Tariffs – possible first and second order effects on Borregaard

- 1 *First order effects: Balanced direct effects expected, specialisation strategy and local US sites support\**



- 2 *Second order effects: Uncertain, diversification and hedging mitigate indirect effects\**

## FX

Borregaard's revenues are primarily in USD or EUR, while costs are mainly in NOK. A currency hedging strategy is in place to delay the effects.

## Customers' customers

While most of Borregaard's sales are to Europe, these customers are typically global. However, the number of alternative suppliers may be limited.

## GDP growth

Due to the diversified end-market exposure, Borregaard possesses flexibility both geographically and across various markets. However, a slowdown in GDP growth could potentially impact the overall end markets.

\* Based on what is known about tariffs and potential trade war as of 29 April 2025. As of the time of writing, the tariff on US imports from Norway is set at 10%.

\*\* Including speciality cellulose, biovanillin and other lignin specialties produced in Sarpsborg

# Alginor capital raise

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## 150 mNOK capital raise

Borregaard, Must Invest, and Hatteland Group have invested 100 mNOK in Alginor and will underwrite a 50 mNOK rights issue.

## Ownership

Borregaard's contribution will be 55 to 83 mNOK, resulting in a 36% to 43% ownership in Alginor.

## Total investment

Borregaard's total investment in Alginor will increase to 474 to 502 mNOK.





# Outlook

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## BioSolutions

- Sales volume in 2025 forecast to be ≈330,000 tonnes with continued strong sales to agriculture
- Sales volume in Q2 expected to be ≈85,000 tonnes with a less favourable product mix vs Q1-25
- US antidumping duties on vanillin from China expected to have a positive but limited impact for Borregaard

## BioMaterials

- Sales volume in 2025 forecast to be approximately 150,000 tonnes
- Share of highly specialised grades expected to be higher than in 2024
- The average price in sales currency expected to be 8-10% higher in H1-25 vs H1-24
- Sales volume in Q2 expected to be largely in line with Q2-24

## Fine Chemicals

- Favourable incentives for advanced bioethanol in Europe have triggered substantial new supply from agricultural waste and other sources
- Sales prices for Borregaard's bioethanol expected to be significantly lower than in 2024, and lower than prices achieved in 2022
- Sales volume for fine chemical intermediates expected to increase vs 2024

## Costs

- Wood costs in Q2 expected to be largely in line with Q1-25
- Full year impact from recent investments will reduce energy costs and CO<sub>2</sub> emissions in Sarpsborg

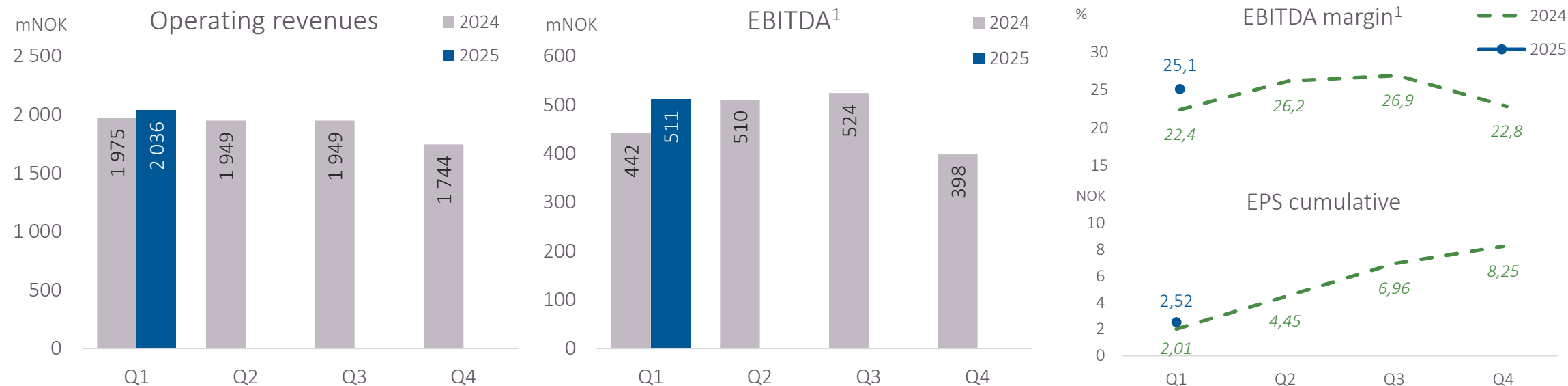
Uncertainty in the global economy related to tariffs, war and conflicts may impact Borregaard's markets and costs

# Financial performance Q1-25

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# Borregaard key figures – Q1



Revenues 3% above Q1-24

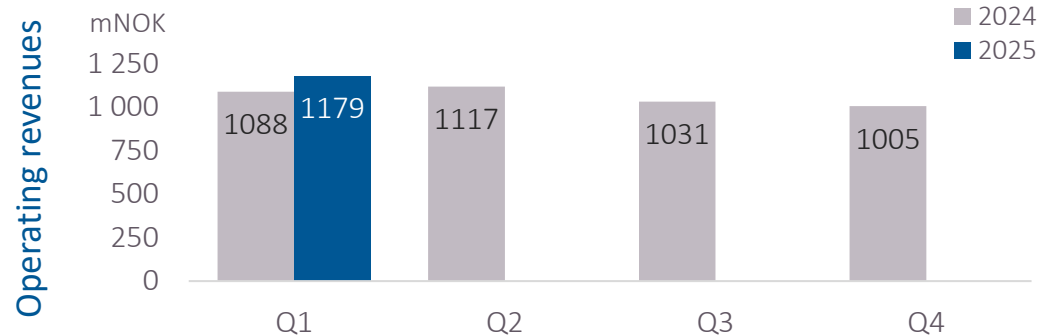
EBITDA<sup>1</sup> 511 mNOK for the Group

- Increased result in BioSolutions, BioMaterials at the same level, lower result in Fine Chemicals

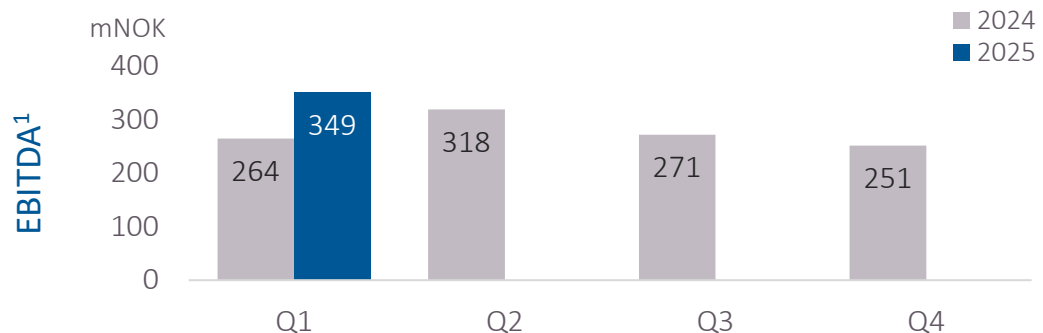
Earnings per share (EPS) NOK 2.52 (NOK 2.01)

<sup>1</sup> Alternative performance measure, see Appendix for definition

# BioSolutions key figures – Q1



- Revenues 8% above Q1-24



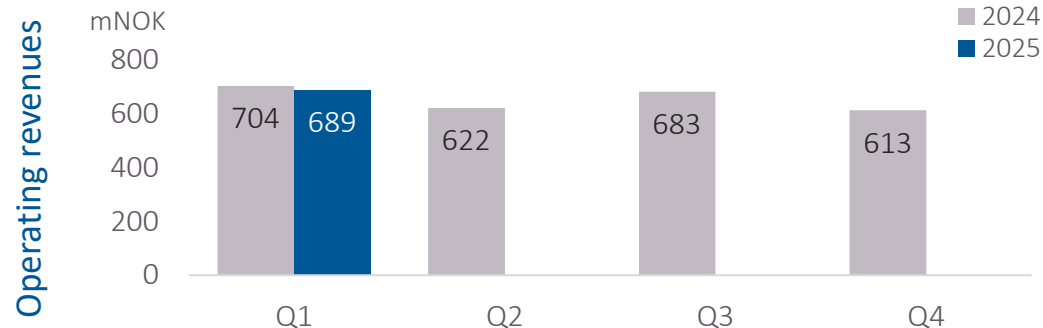
- All-time high result
- Strong sales to agriculture
- Positive but limited impact from US antidumping duties on vanillin from China
- Positive net currency



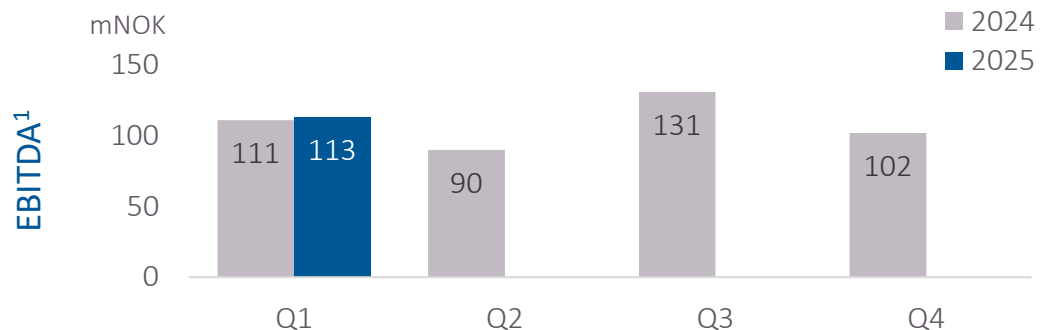
- Strong EBITDA margin<sup>1</sup>

<sup>1</sup> Alternative performance measure, see Appendix for definition

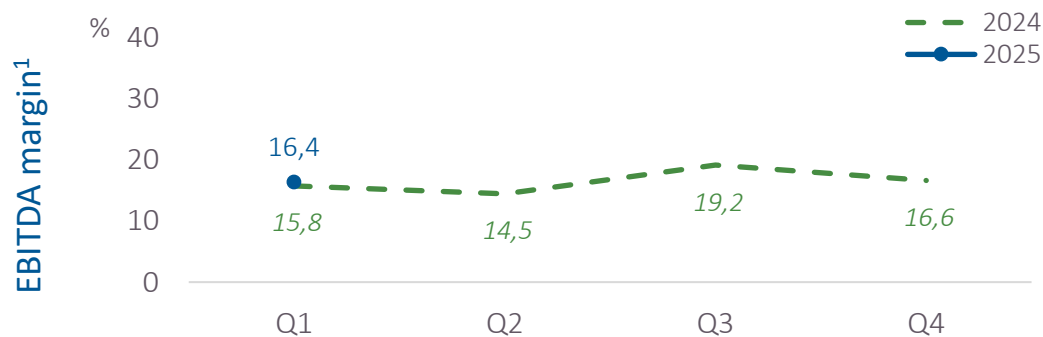
# BioMaterials key figures – Q1



- Revenues 2% below Q1-24
- Lower sales volume partly offset by increased prices



- Higher sales prices partly offset by lower sales volume
- Increased wood costs and cost increases in general
- Positive net FX effects

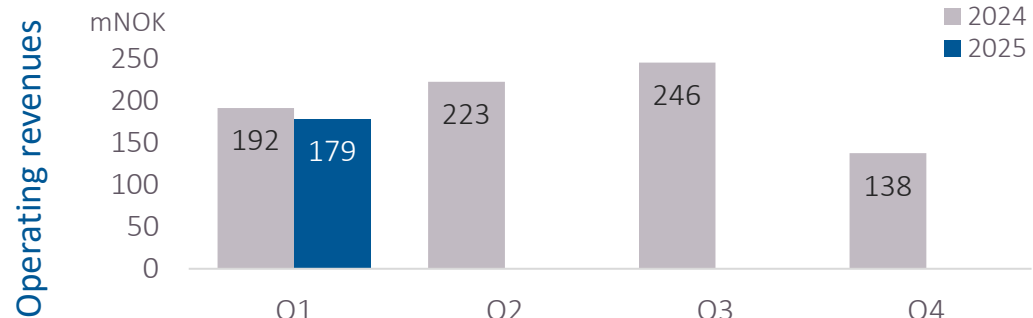


- EBITDA margin<sup>1</sup> above Q1-24

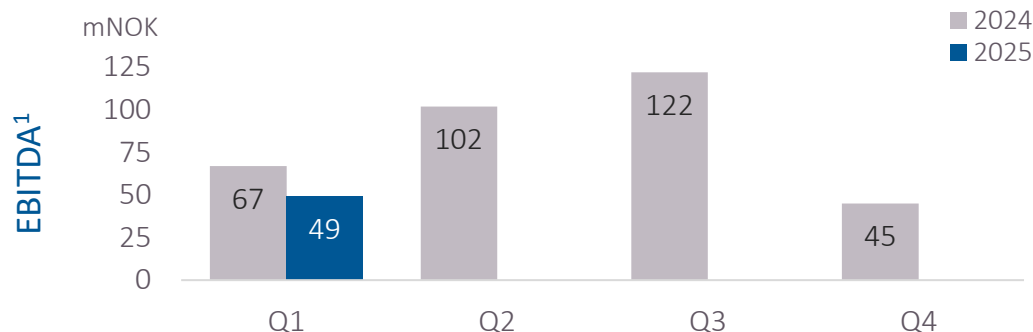
<sup>1</sup> Alternative performance measure, see Appendix for definition



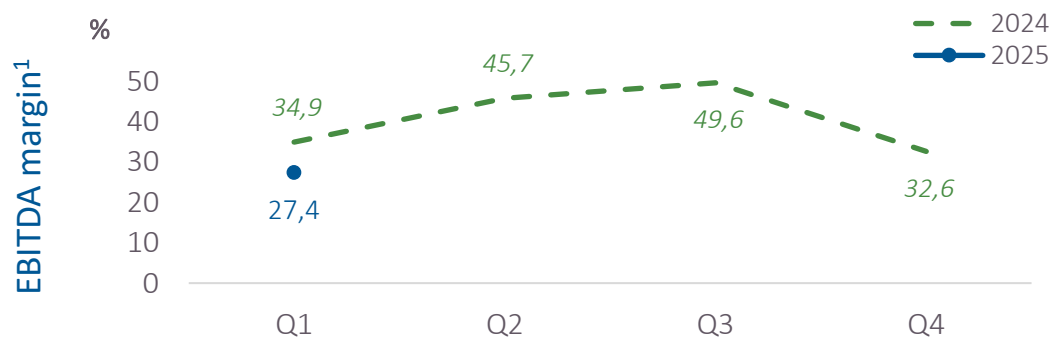
# Fine Chemicals key figures – Q1



- Revenues 7% below Q1-24
- Lower sales prices for bioethanol



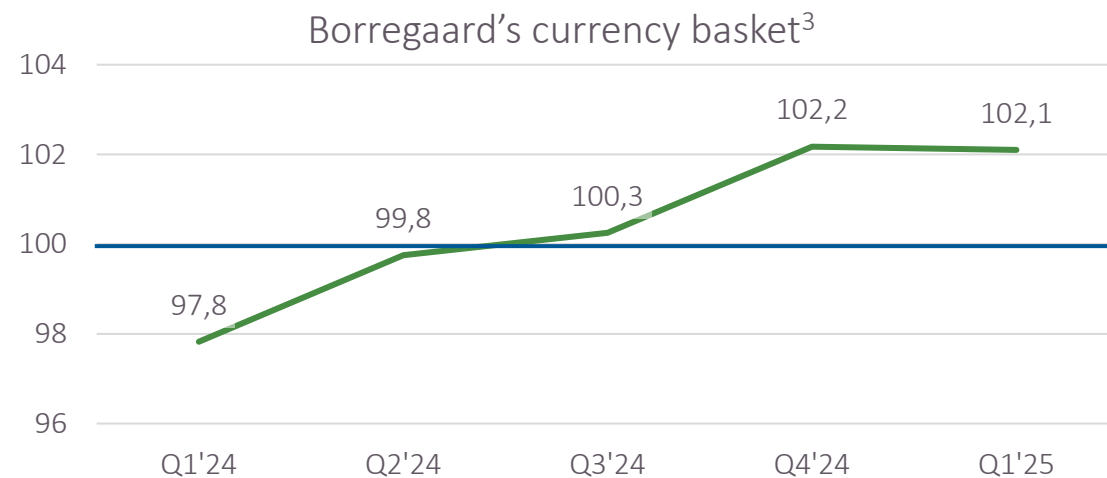
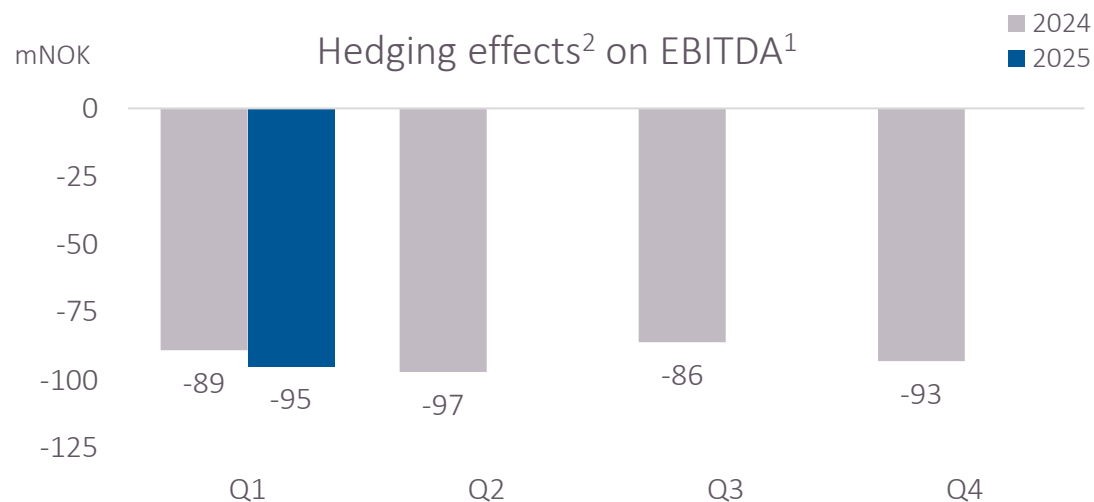
- *Fine chemical intermediates*: Increased sales prices
- *Bioethanol*: Lower sales prices partly offset by higher sales volume
- Positive net FX effects



- EBITDA margin<sup>1</sup> below Q1-24

<sup>1</sup> Alternative performance measure, see Appendix for definition

# Currency impact



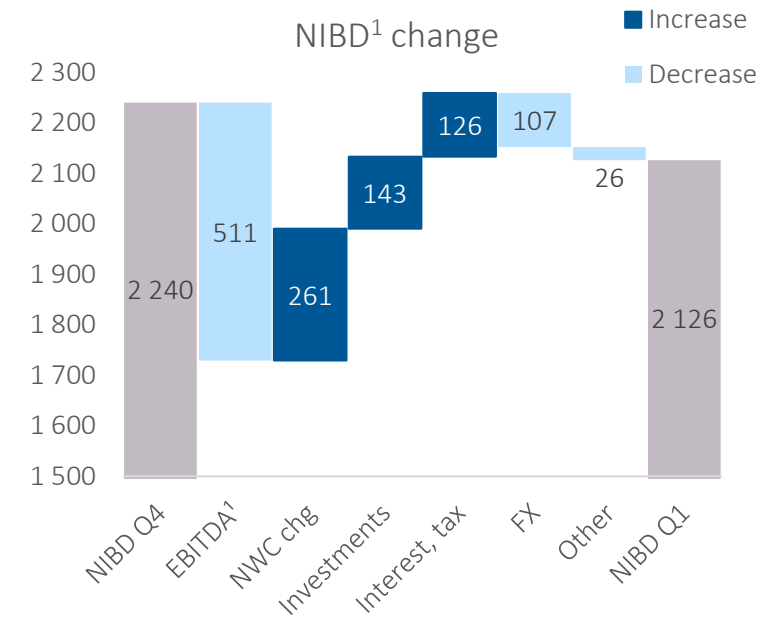
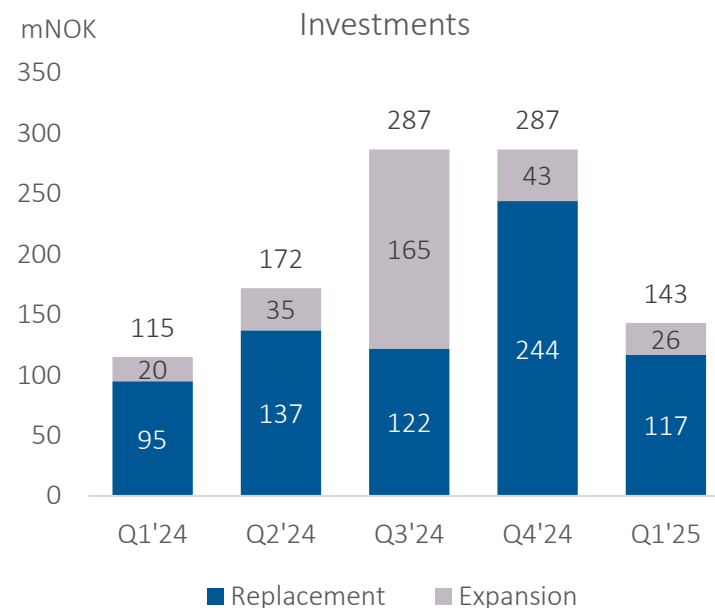
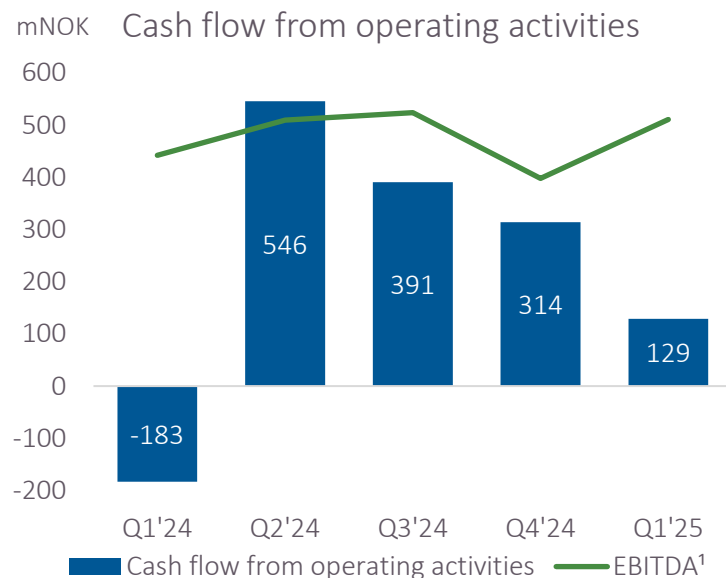
- Net FX EBITDA<sup>1</sup> impact ≈ +45 mNOK vs Q1-24
  - Includes change in hedging effects and based on estimated FX exposure
- Net FX EBITDA<sup>1</sup> impact in 2025 estimated to be ≈ +125 mNOK vs 2024
  - Assuming rates as of 29 April (USD 10.38 and EUR 11.80) on expected FX exposure
  - Net FX EBITDA<sup>1</sup> impact in Q2 estimated to be ≈ +40 mNOK vs Q2-24
- Significant FX exposure, but delayed impact of FX rate fluctuations due to hedging policy

<sup>1</sup> Alternative performance measure, see Appendix for definition

<sup>2</sup> See Appendix for currency hedging strategy, future hedges and hedging effects by segment

<sup>3</sup> Currency basket based on Borregaard's net exposure on EBITDA<sup>1</sup> in 2024 (=100): USD 65% (≈276 mUSD), EUR 36% (≈145 mEUR), Other -1% (GBP, BRL, SGD, SEK)

# Cash flow, investments and NIBD



## Positive cash flow in Q1

- Cash effect from a high EBITDA¹ partly offset by a negative development in net working capital and tax payments

Total investments 143 mNOK

NIBD¹ decreased 114 mNOK in Q1

- Leverage ratio¹ 1.09 (1.21)

Equity ratio¹ 58% (53%)

¹ Alternative performance measure, see Appendix for definition

# Questions?

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Per A Sørli, President & CEO

Per Bjarne Lyngstad, CFO

*Please note that you can submit questions  
online during the webcast*



# Appendix

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# Borregaard – key figures

Amounts in NOK million	Q1-25	Q1-24	Change
Operating revenues	2 036	1 975	3 %
EBITDA <sup>1</sup>	511	442	16 %
Depreciation property, plant and equipment	-143	-133	
Amortisation intangible assets	-1	-1	
Other income and expenses <sup>1</sup>	0	0	
Operating profit	367	308	19 %
Financial items, net	-48	-47	
Profit before taxes	319	261	22 %
Income tax expenses	-75	-61	
Profit for the period	244	200	22 %
Profit attributable to non-controlling interests	-7	0	
Profit attributable to owners of the parent	251	200	
Cash flow from operating activities (IFRS)	129	-183	
Earnings per share	2,52	2,01	25 %
EBITDA margin <sup>1</sup>	25,1 %	22,4 %	

<sup>1</sup> Alternative performance measure, see Appendix for definition

# Operating revenues and EBITDA<sup>1</sup> per segment

Amounts in NOK million

Operating revenues	Q1-25	Q1-24	Change
Borregaard	2 036	1 975	3 %
BioSolutions	1 179	1 088	8 %
BioMaterials	689	704	-2 %
Fine Chemicals	179	192	-7 %
Eliminations	-11	-9	

Amounts in NOK million

EBITDA <sup>1</sup>	Q1-25	Q1-24	Change
Borregaard	511	442	16 %
BioSolutions	349	264	32 %
BioMaterials	113	111	2 %
Fine Chemicals	49	67	-27 %

<sup>1</sup> Alternative performance measure, see Appendix for definition

# Balance sheet

Amounts in NOK million	31.3.2025	31.12.2024
<b>Assets:</b>		
Intangible assets	85	88
Property, plant and equipment	4 992	5 026
Right-of-use assets	483	508
Other assets	598	524
Investments in joint venture/associate companies	400	417
<b>Non-current assets</b>	<b>6 558</b>	<b>6 563</b>
Inventories	1 474	1 498
Receivables	1 694	1 441
Cash and cash deposits	191	82
<b>Current assets</b>	<b>3 359</b>	<b>3 021</b>
<b>Total assets</b>	<b>9 917</b>	<b>9 584</b>
<b>Equity and liabilities:</b>		
Group equity	5 733	5 041
Non-controlling interests	39	49
<b>Equity</b>	<b>5 772</b>	<b>5 090</b>
Provisions and other liabilities	454	591
Interest-bearing liabilities	1 898	2 035
<b>Non-current liabilities</b>	<b>2 352</b>	<b>2 626</b>
Interest-bearing liabilities	420	288
Other current liabilities	1 373	1 580
<b>Current liabilities</b>	<b>1 793</b>	<b>1 868</b>
<b>Equity and liabilities</b>	<b>9 917</b>	<b>9 584</b>
Equity ratio <sup>1</sup> (%):	58,2 %	53,1 %

<sup>1</sup> Alternative performance measure, see Appendix for definition

# Cash flow

Amounts in NOK million	Q1-25	Q1-24	FY-2024
<b>Amounts in NOK million</b>			
Profit before taxes	319	261	1 079
Amortisation, depreciation and impairment charges	144	134	561
Change in net working capital, etc	-261	-466	-326
Dividend/share of profit from JV & associate companies	17	3	22
Taxes paid	-90	-115	-268
<b>Cash flow from operating activities</b>	<b>129</b>	<b>-183</b>	<b>1 068</b>
Investments property, plant and equipment and intangible assets *	-143	-115	-711
Investment in associate companies & bio-based start-ups*	-	-	-150
Other capital transactions	4	3	19
<b>Cash flow from Investing activities</b>	<b>-139</b>	<b>-112</b>	<b>-842</b>
Dividends	-	-	-374
Proceeds from exercise of options/shares to employees	30	35	52
Buy-back of treasury shares	-10	-28	-98
Gain/(loss) on hedges for net investments in subsidiaries	72	-50	-109
<b>Net paid to/from shareholders</b>	<b>92</b>	<b>-43</b>	<b>-529</b>
Proceeds from interest-bearing liabilities	100	-	500
Repayment from interest-bearing liabilities	-71	-67	-724
Change in interest-bearing liabilities/other instruments	-37	36	74
<b>Change in net interest-bearing liabilities</b>	<b>-8</b>	<b>-31</b>	<b>-150</b>
<b>Cash flow from financing activities</b>	<b>84</b>	<b>-74</b>	<b>-679</b>
<b>Change in cash and cash equivalents</b>	<b>74</b>	<b>-369</b>	<b>-453</b>
Cash and cash equivalents at beginning of period	-3	429	429
Change in cash and cash equivalents	74	-369	-453
Currency effects cash and cash equivalents	-6	21	21
<b>Cash and cash equivalents at the close of the period</b>	<b>65</b>	<b>81</b>	<b>-3</b>
<b>* Investment by category</b>			
Replacement Investments	117	95	598
Expansion investments including investment in associate companies and bio-based start-ups	26	20	263
Total investments including investment in associate companies and bio-based start-ups	143	115	861

<sup>1</sup> Alternative performance measure, see Appendix for definition

# Net financial items & net interest-bearing debt<sup>1</sup>

Amounts in NOK million

Net financial items	Q1-25	Q1-24
Net interest expenses	-36	-39
Currency gain/loss	-7	0
Share of profit/-loss from an associate	-17	-3
Other financial items, net	12	-5
<b>Net financial items</b>	<b>-48</b>	<b>-47</b>

Amounts in NOK million

Net interest-bearing debt <sup>1</sup> (NIBD)	31.3.2025	31.12.2024
Non-current interest-bearing liabilities	1 898	2 035
Current interest-bearing liabilities including overdraft	420	288
Non-current interest-bearing receivables (included in "Other Assets")	-1	-1
Cash and cash deposits	-191	-82
<b>Net interest-bearing debt<sup>1</sup> (NIBD)</b>	<b>2 126</b>	<b>2 240</b>
- of which impact from IFRS 16 leases	530	554

<sup>1</sup> 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 EBITDA<sup>1</sup> impact<sup>2</sup>

- 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
- Contracts<sup>3</sup>: 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 29.04.25)

	USD million	USD rate	EUR million	EUR rate
Q2-2025	40	9.97	32	11.05
Q3-2025	40	10.18	31	10.93
Q4-2025	40	10.14	30	10.93
2025	120	10.10	93	10.97
2026	152	10.45	119	11.72
2027	117	10.64	96	12.03
2028	31	10.95	26	12.33

Hedging effects by segment

NOK million	Q1-25	Q1-24
BioSolutions	-45	-44
BioMaterials	-40	-34
Fine Chemicals	-10	-11
Borregaard	-95	-89

<sup>1</sup> Alternative performance measure, see Appendix for definition

<sup>2</sup> Hedging done mainly in the Norwegian company

<sup>3</sup> 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 2027, margin linked to sustainability targets
- 500 mNOK 5-year green bonds, maturity 2028 (issued June 2023)
- 50 mUSD 10-year loan, maturity 2032
- 60 mUSD term loan for LT Florida, maturity 2027

## Short-term credit facilities

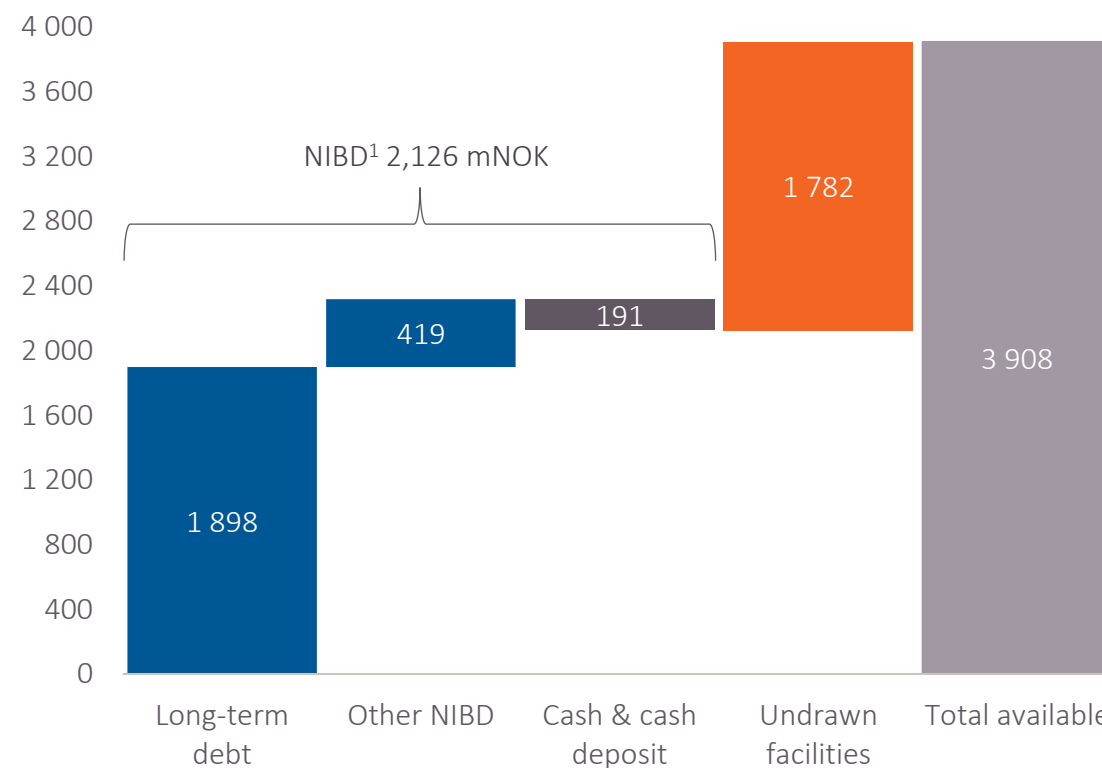
- 250 mNOK overdraft facilities
- 15 mUSD overdraft facility in LignoTech Florida
- 100 mNOK commercial paper (maturity April 2025)

## Solidity

- Equity ratio<sup>1</sup> 58.2%
- Leverage ratio<sup>1</sup> LTM 1.09 (covenant < 3.50)

## Debt and undrawn facilities

31.3.2025



# Alternative performance measures

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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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