

2nd Quarter 2024

Sarpsborg, 17 July 2024



Agenda

Per A Sørli, President & CEO

- Highlights
- Business segments
- Other matters
- Outlook

Per Bjarne Lyngstad, CFO

- Financial performance



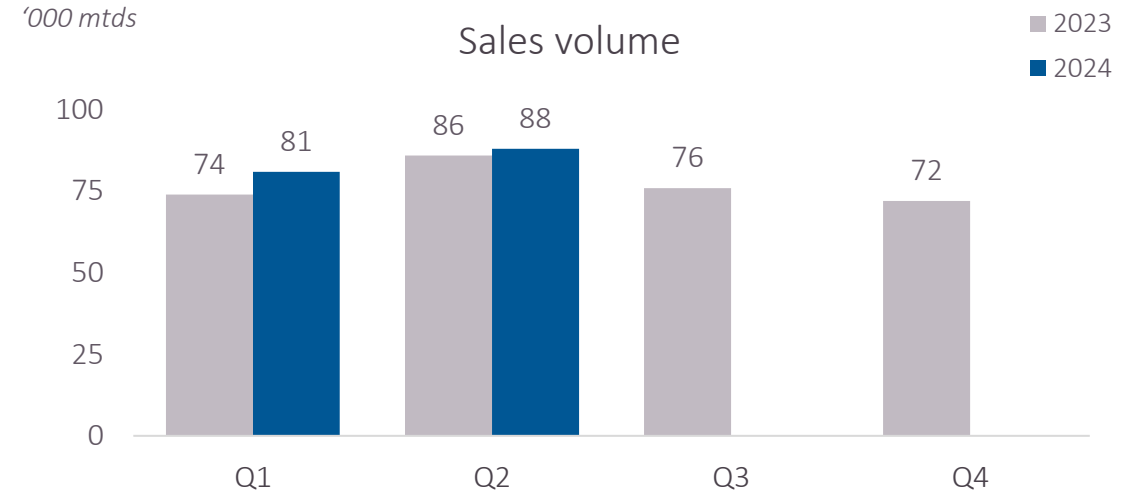
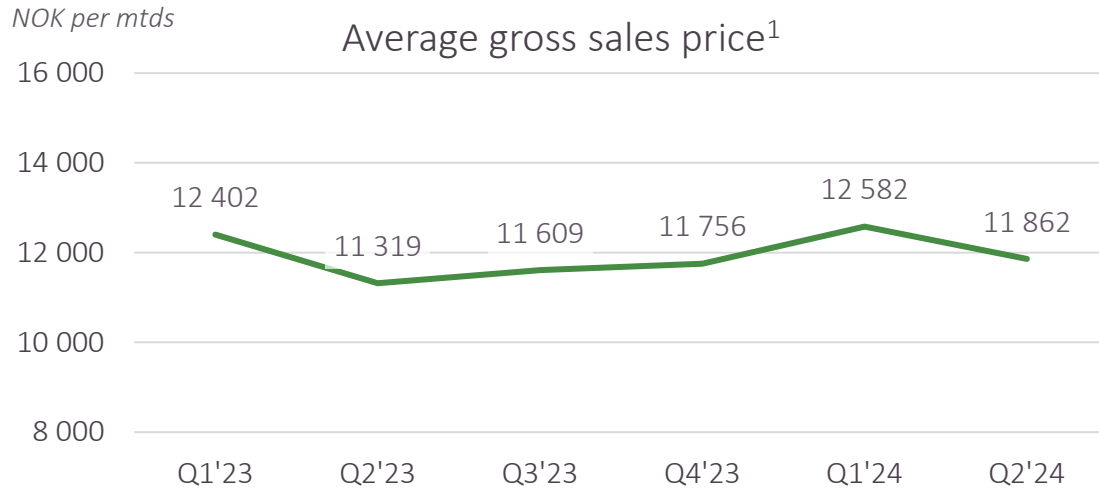
Highlights – 2nd quarter 2024

- EBITDA¹ NOK 510 million (NOK 537 million)
- Improved product mix and strong result in BioSolutions
- Lower sales prices and higher wood costs for BioMaterials
- Solid result in Fine Chemicals
- Negative net currency effects
- Strong cash flow



¹ Alternative performance measure, see Appendix for definition

BioSolutions markets – Q2



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

Average price in sales currency 5% above Q2-23

- Improved product mix
- Strong sales to agriculture and batteries

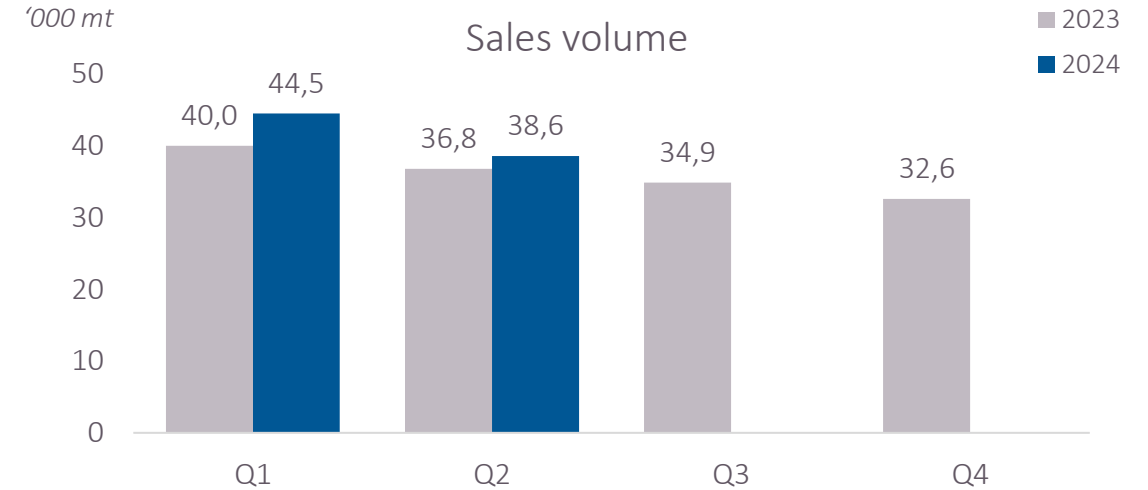
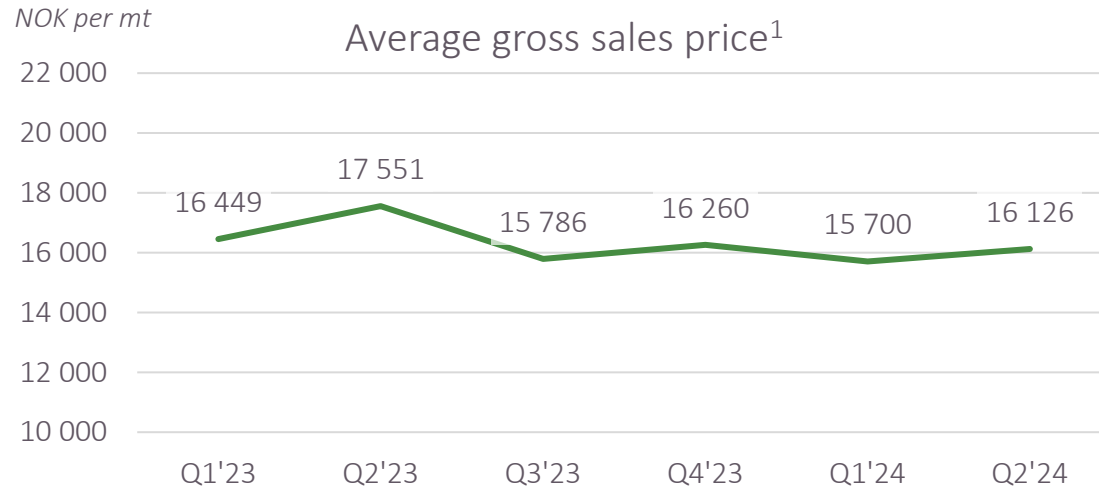
Sales volume 2% above Q2-23

- Increased sales of specialities

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

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

BioMaterials markets – Q2



Sales price and sales volume include speciality cellulose and cellulose fibrils

Average price in sales currency 8% below Q2-23

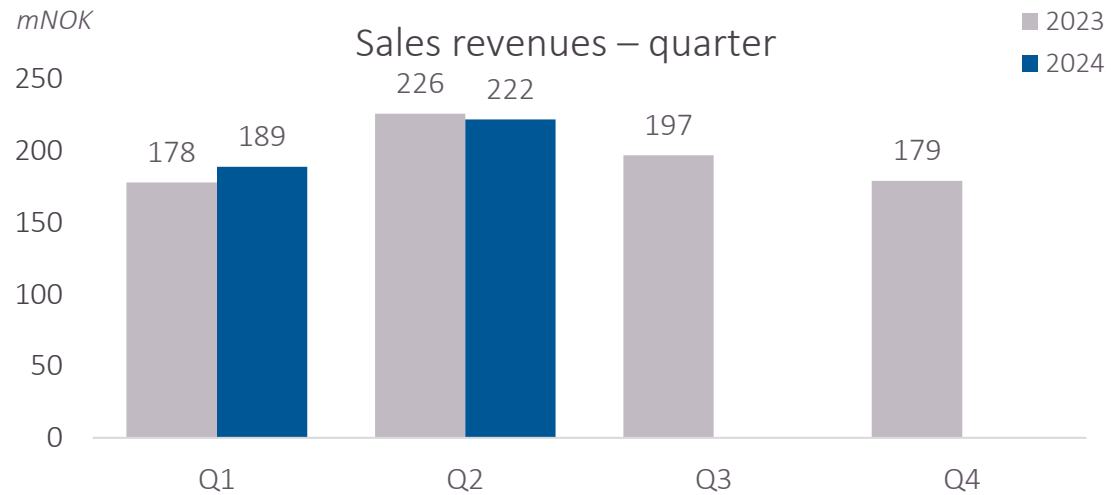
- Lower sales prices
- Average price in line with Q1-24

Sales volume 5% above Q2-23

Negative FX impact

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

Fine Chemicals markets – Q2



Sales revenues include fine chemical intermediates and bioethanol

- **Fine chemical intermediates:** Favourable product mix
- **Bioethanol:** High deliveries and stable prices, deliveries slightly below Q2-23
- Slightly negative net FX impact

Other matters and subsequent events



BORREGAARD INVESTS FURTHER INTO ALGINOR

- Borregaard participated with its fully diluted pro-rata share in the 400 mNOK capital raise in Alginor¹⁾ to fund the next step of its biorefinery expansion
- Repair offering towards existing and new shareholders
- Subsequent offering towards Borregaard to ensure 35% fully diluted ownership
- After these transactions, which were executed in July, Borregaard's investment in Alginor amounts to 419 mNOK



ANTI-DUMPING INVESTIGATIONS CHINESE VANILLIN

- Both in EU²⁾ and the US³⁾, anti-dumping investigations have been initiated for all grades of vanillin produced in China
- May lead to a positive price and demand impact for biovanillin from Borregaard, depending on the outcome and timeline of the investigations

1) <https://alginor.no/2024/06/nok-400-million-private-placement/>

2) <https://eur-lex.europa.eu/eli/C/2024/3241>

3) <https://www.trade.gov/initiation-ad-and-cvd-investigations-vanillin-china>

Outlook

BioSolutions

- Sales volume in 2024 forecast to be ≈330,000 tonnes
- Sales volume in Q3 is expected to be 80-85,000 tonnes
- Biovanillin market will continue to be impacted by the high supply of synthetic vanillin products

BioMaterials

- Sales volume in 2024 is forecast to be higher than the production output, highly specialised grades expected to be higher vs 2023
- In Q3, sales volume is expected to be 42-44,000 tonnes
- Sales price increases have been implemented for certain cellulose grades in H2-24 with a positive impact of 1-2% on the total sales volume

Fine Chemicals

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

Costs development and impact from investment

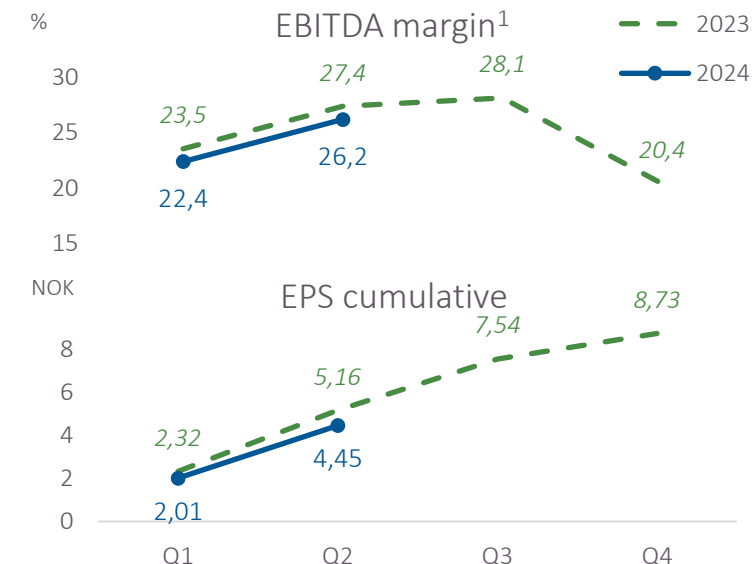
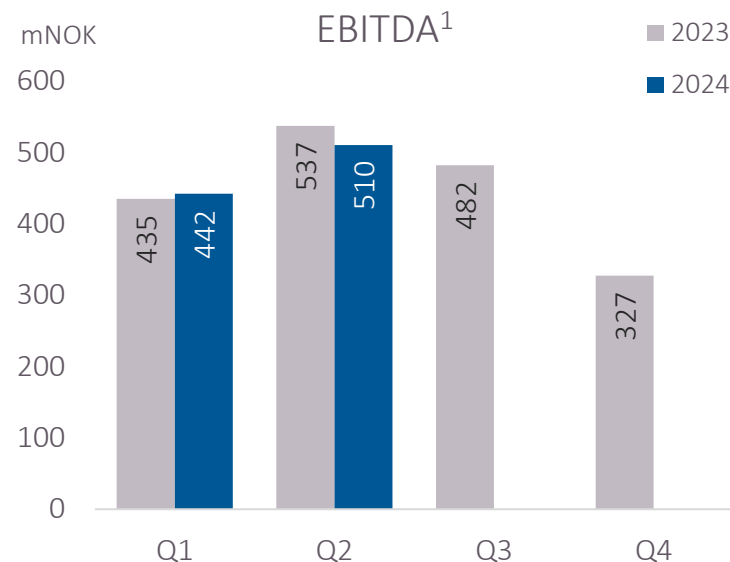
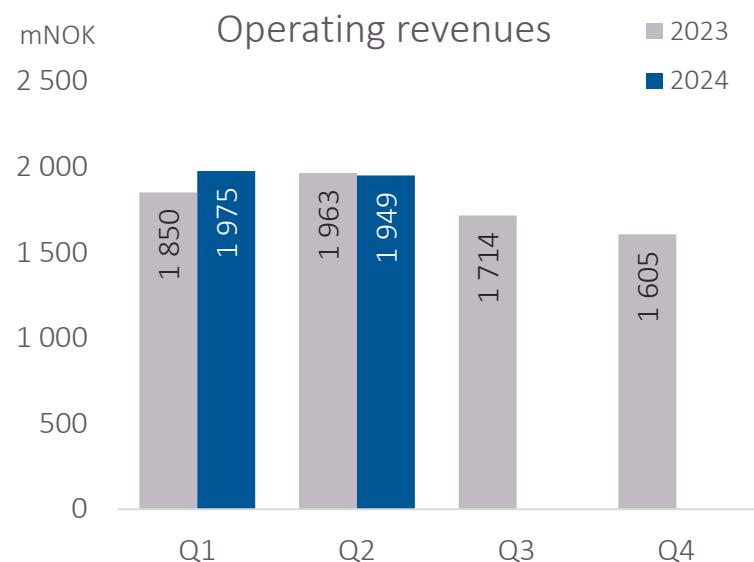
- Wood costs will increase by ≈8% in H2-24 vs H1-24
- In Q3, lower energy and other raw material costs expected to partly compensate for increased wood costs vs Q3-23
- Borregaard will benefit from the investment to reduce CO₂ emissions and improve energy efficiency and flexibility

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

Financial performance Q2-24



Borregaard key figures – Q2



Revenues 1% below Q2-23

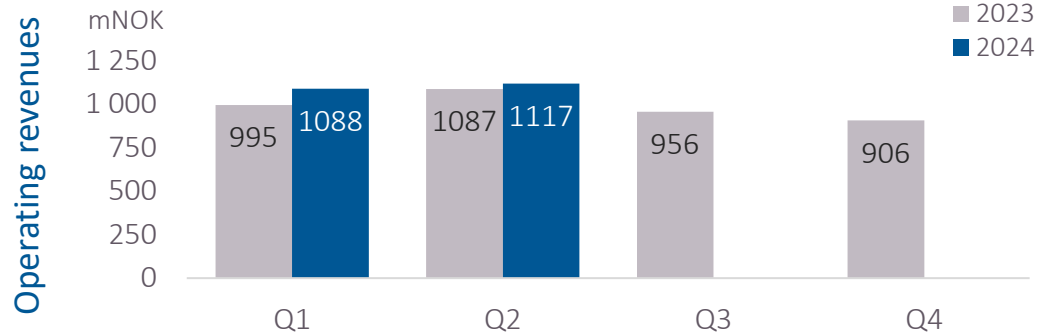
EBITDA¹ 510 mNOK for the Group

- Increased result in BioSolutions
- Lower result in BioMaterials
- Strong result slightly below Q2-23 in Fine Chemicals
- Negative net currency effects

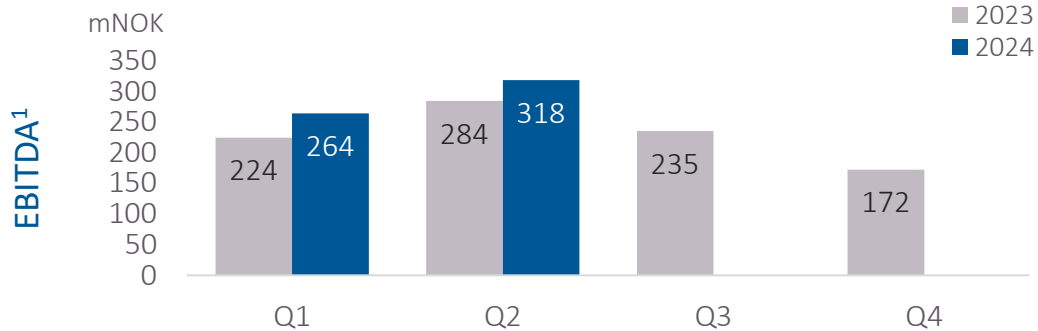
Earnings per share (EPS) NOK 2.45 (NOK 2.84)

¹ Alternative performance measure, see Appendix for definition

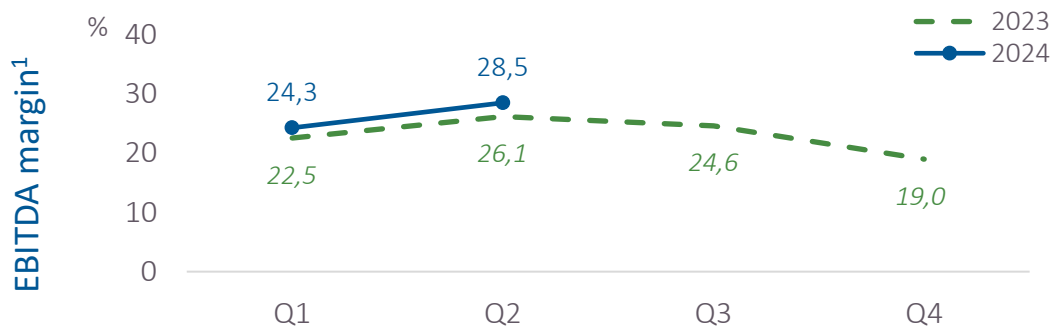
BioSolutions key figures – Q2



- Revenues 3% above Q2-23
- Higher sales volume and improved product mix



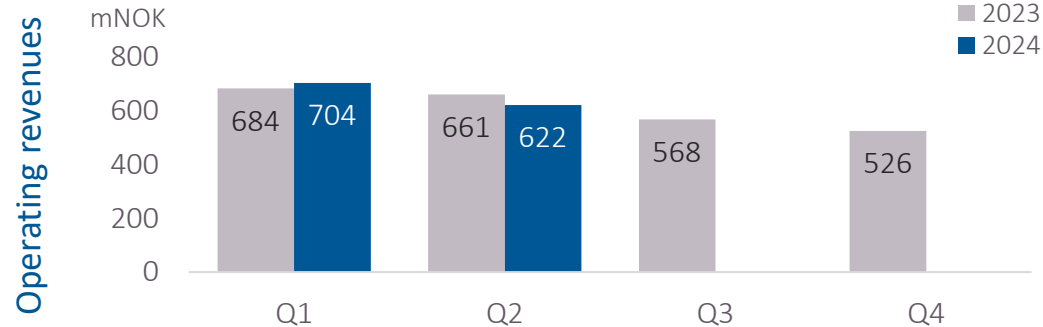
- Improved product mix
- Reduced energy costs
- Negative impact from cost inflation and FX effects



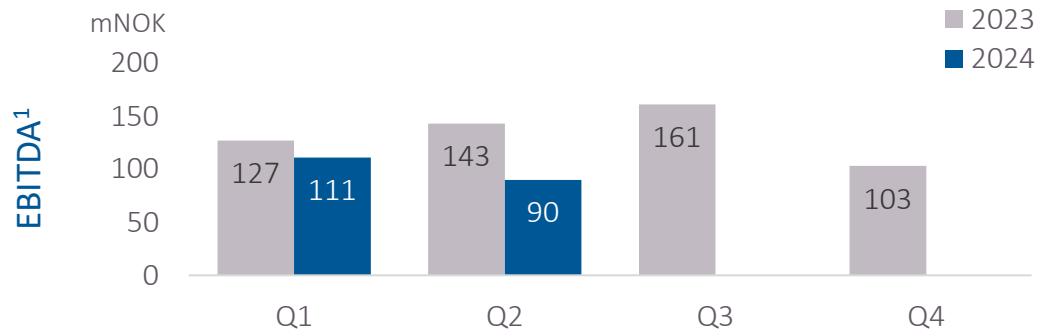
- Strong EBITDA margin¹, 2.4%-points above Q2-23

¹ Alternative performance measure, see Appendix for definition

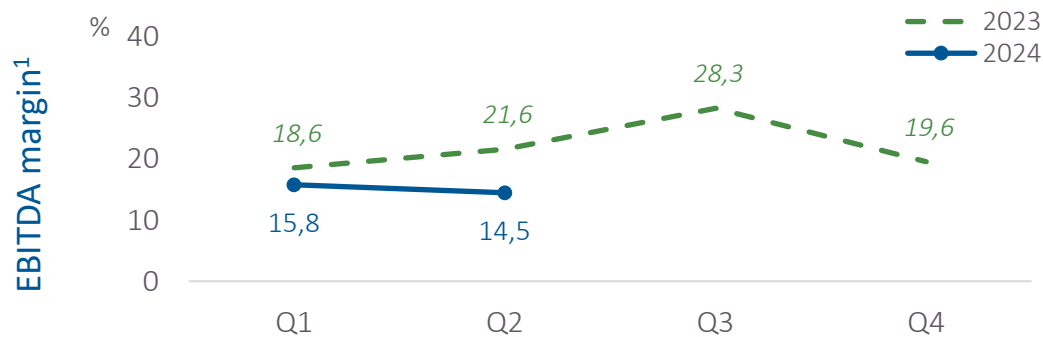
BioMaterials key figures – Q2



- Revenues 6% below Q2-23
- Lower sales prices, partly offset by higher sales volume



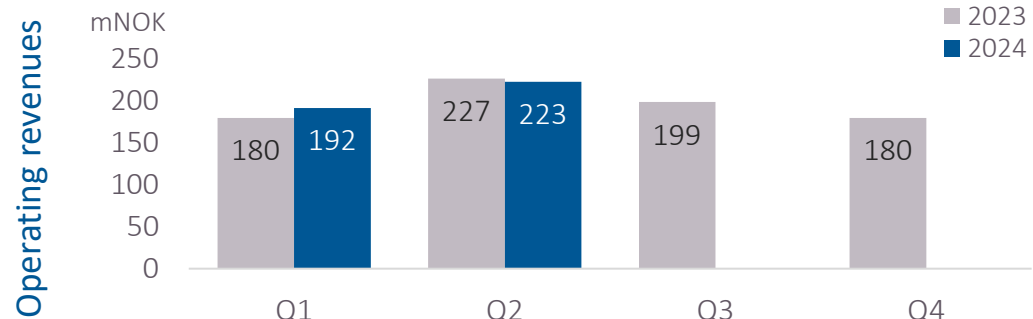
- Lower sales prices
- Higher wood costs
- Increased operating expenses, mainly due to cost inflation
- Higher sales volume
- Negative net FX effects



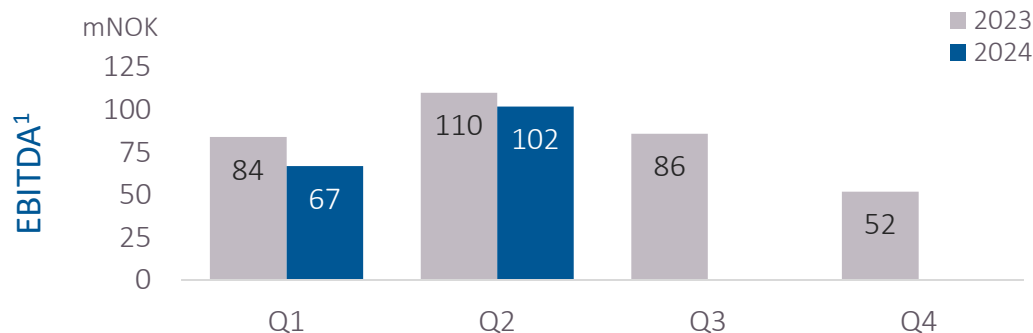
- EBITDA margin¹ ≈ 7%-points below Q2-23

¹ Alternative performance measure, see Appendix for definition

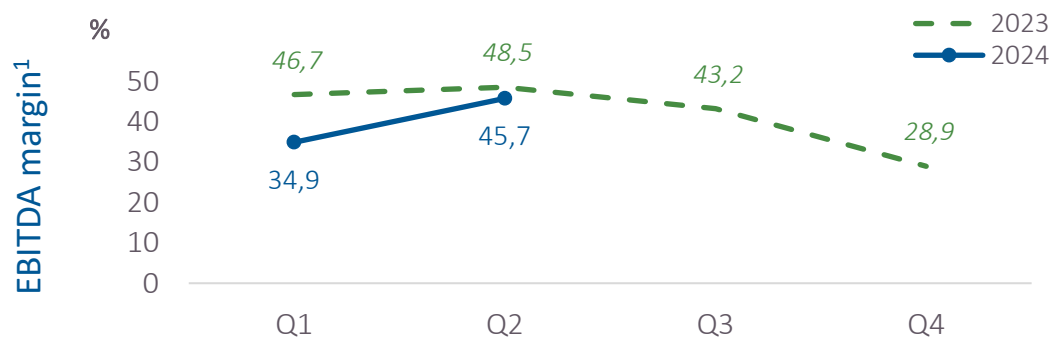
Fine Chemicals key figures – Q2



- Revenues 2% below Q2-23
- Slightly lower deliveries of bioethanol



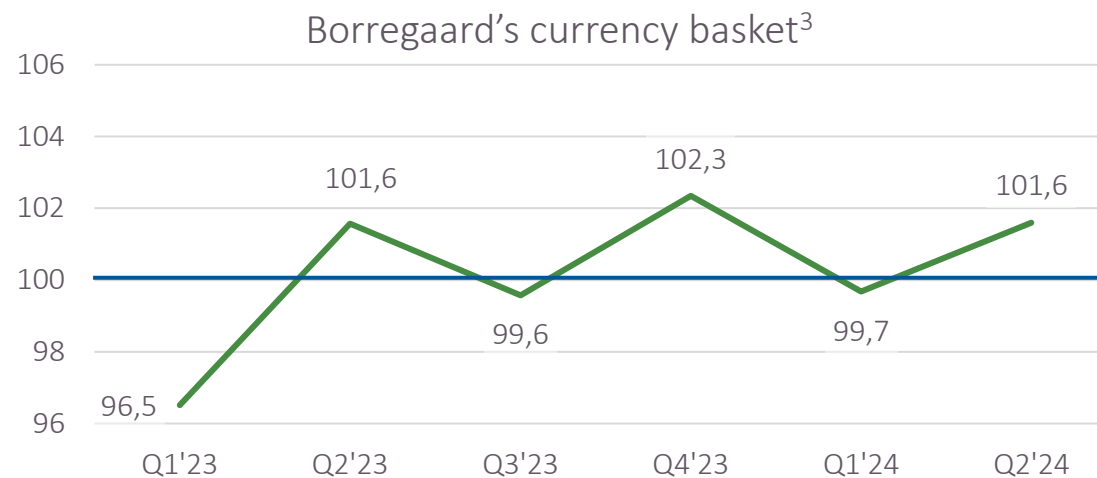
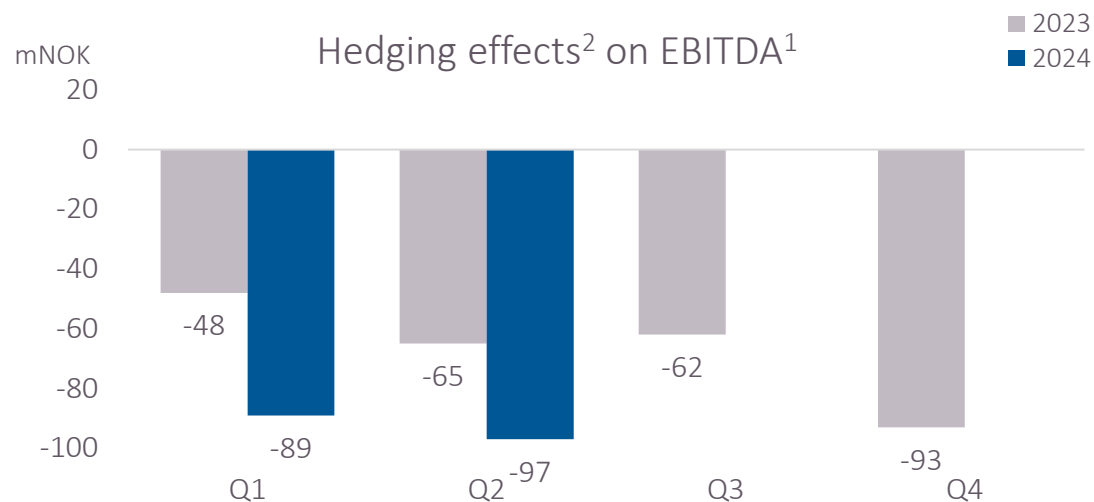
- *Fine chemical intermediates*: Favourable product mix
- *Bioethanol*: High deliveries and stable prices, but higher costs
- Slightly negative net FX impact



- Solid EBITDA margin¹

¹ Alternative performance measure, see Appendix for definition

Currency impact



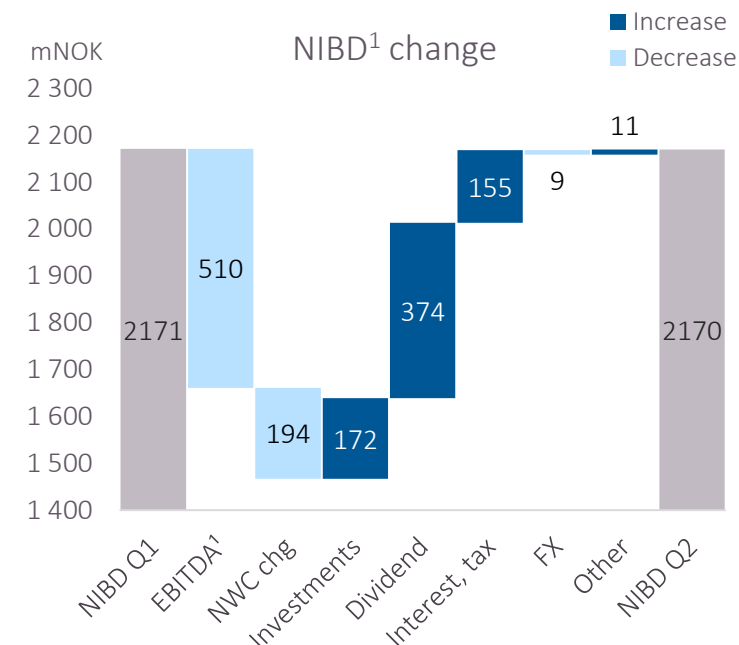
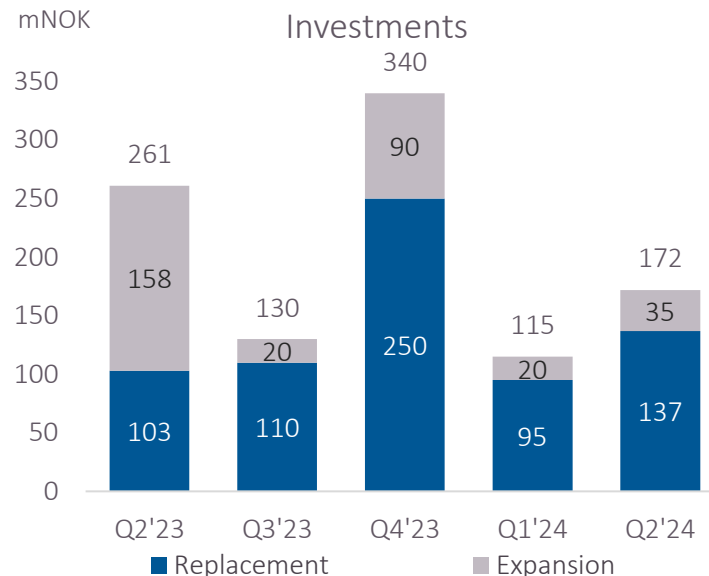
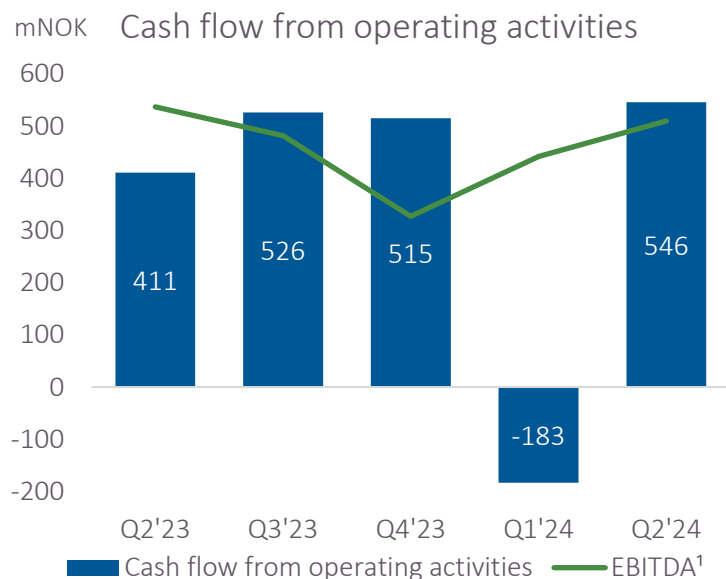
- Net FX EBITDA¹ impact ≈ -30 mNOK vs Q2-23
 - Includes change in hedging effects and based on estimated FX exposure
- Net FX EBITDA¹ impact in 2024 estimated to be ≈ -15 mNOK vs 2023
 - Assuming rates as of 16 July (USD 10.81 and EUR 11.78) on expected FX exposure
 - Net FX EBITDA¹ impact in Q3 estimated to be ≈ +15 mNOK vs Q3-23
- 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



Strong cash flow in Q2

- Significant decrease in net working capital, positively affected by a reduction in accounts receivable

Total investments 172 mNOK

- Specialisation within BioSolutions largest expansion expenditure

NIBD¹ in line with Q1, dividend payment offset by strong cash flow

- Leverage ratio¹ 1.23 (1.25)

Equity ratio¹ 54% (47%)

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	Q2-24	Q2-23	Change	YTD-24	YTD-23	Change
Operating revenues	1 949	1 963	-1 %	3 924	3 813	3 %
EBITDA ¹	510	537	-5 %	952	972	-2 %
Depreciation property, plant and equipment	-134	-116		-267	-230	
Amortisation intangible assets	-2	-2		-3	-3	
Operating profit	374	419	-11 %	682	739	-8 %
Financial items, net	-52	-40		-99	-68	
Profit before taxes	322	379	-15 %	583	671	-13 %
Income tax expenses	-77	-91		-138	-162	
Profit for the period	245	288	-15 %	445	509	-13 %
Profit attributable to non-controlling interests	1	5		1	-5	
Profit attributable to owners of the parent	244	283		444	514	
Cash flow from operating activities (IFRS)	546	411		363	522	
Earnings per share	2,45	2,84	-14 %	4,45	5,16	-14 %
EBITDA margin ¹	26,2 %	27,4 %		24,3 %	25,5 %	

¹ Alternative performance measure, see Appendix for definition

Operating revenues and EBITDA¹ per segment

Amounts in NOK million

Operating revenues	Q2-24	Q2-23	Change
Borregaard	1 949	1 963	-1 %
BioSolutions	1117	1087	3 %
BioMaterials	622	661	-6 %
Fine Chemicals	223	227	-2 %
Eliminations	-13	-12	

Amounts in NOK million

EBITDA ¹	Q2-24	Q2-23	Change
Borregaard	510	537	-5 %
BioSolutions	318	284	12 %
BioMaterials	90	143	-37 %
Fine Chemicals	102	110	-7 %

Amounts in NOK million

Operating revenues	YTD-24	YTD-23	Change
Borregaard	3 924	3 813	3 %
BioSolutions	2 205	2 082	6 %
BioMaterials	1 326	1 345	-1 %
Fine Chemicals	415	407	2 %
Eliminations	-22	-21	

Amounts in NOK million

EBITDA ¹	YTD-24	YTD-23	Change
Borregaard	952	972	-2 %
BioSolutions	582	508	15 %
BioMaterials	201	270	-26 %
Fine Chemicals	169	194	-13 %

¹ Alternative performance measure, see Appendix for definition

Balance sheet

Amounts in NOK million	30.6.2024	31.3.2024	31.12.2023
Assets:			
Intangible assets	76	82	84
Property, plant and equipment	4 782	4 728	4 661
Right-of-use assets	497	524	527
Other assets	390	362	437
Investments in joint venture/associate companies	278	286	289
Non-current assets	6 023	5 982	5 998
Inventories	1 356	1 348	1 447
Receivables	1 494	1 753	1 201
Cash and cash deposits	311	200	469
Current assets	3 161	3 301	3 117
Total assets	9 184	9 283	9 115
Equity and liabilities:			
Group equity	4 907	4 835	4 855
Non-controlling interests	42	42	39
Equity	4 949	4 877	4 894
Provisions and other liabilities	366	441	401
Interest-bearing liabilities	2 005	2 043	2 016
Non-current liabilities	2 371	2 484	2 417
Interest-bearing liabilities	478	330	246
Other current liabilities	1 386	1 592	1 558
Current liabilities	1 864	1 922	1 804
Equity and liabilities	9 184	9 283	9 115
Equity ratio ¹ (%):	53,9 %	52,5 %	53,7 %

¹ Alternative performance measure, see Appendix for definition

Cash flow

Amounts in NOK million	Q2-24	Q2-23	YTD-24	YTD-23	FY-2023
Amounts in NOK million					
Profit before taxes	322	379	583	671	1 124
Amortisation, depreciation and impairment charges	136	118	270	233	490
Change in net working capital, etc	194	19	-272	-174	205
Dividend/share of profit from JV & associate companies	7	2	10	8	9
Taxes paid	-113	-107	-228	-216	-265
Cash flow from operating activities	546	411	363	522	1 563
Investments property, plant and equipment and intangible assets *	-172	-137	-287	-244	-667
Investment in associate companies & bio-based start-ups*	-	-124	-	-124	-171
Other capital transactions	4	3	7	5	9
Cash flow from Investing activities	-168	-258	-280	-363	-829
Dividends	-374	-324	-374	-324	-324
Proceeds from exercise of options/shares to employees	15	4	50	45	49
Buy-back of treasury shares	-28	-8	-56	-49	-92
Gain/(loss) on hedges for net investments in subsidiaries	10	-30	-40	-88	-38
Net paid to/from shareholders	-377	-358	-420	-416	-405
Proceeds from interest-bearing liabilities	500	800	500	800	800
Repayment from interest-bearing liabilities	-357	-446	-424	-460	-843
Change in interest-bearing liabilities/other instruments	-6	19	30	60	33
Change in net interest-bearing liabilities	137	373	106	400	-10
Cash flow from financing activities	-240	15	-314	-16	-415
Change in cash and cash equivalents	138	168	-231	143	319
Cash and cash equivalents at beginning of period	81	105	429	111	111
Change in cash and cash equivalents	138	168	-231	143	319
Currency effects cash and cash equivalents	-7	5	14	24	-1
Cash and cash equivalents at the close of the period	212	278	212	278	429
* Investment by category					
Replacement Investments	137	103	232	190	550
Expansion investments including investment in associate companies and bio-based start-ups	35	158	55	178	288
Total investments including investment in associate companies and bio-based start-ups	172	261	287	368	838

¹ Alternative performance measure, see Appendix for definition

Net financial items & net interest-bearing debt¹

Amounts in NOK million

Net financial items	Q2-24	Q2-23	YTD-24	YTD-23
Net interest expenses	-42	-35	-81	-64
Currency gain/loss	-2	-1	-2	5
Share of profit/-loss from an associate	-7	-1	-10	-3
Other financial items, net	-1	-3	-6	-6
Net financial items	-52	-40	-99	-68

Amounts in NOK million

Net interest-bearing debt ¹ (NIBD)	30.6.2024	31.3.2024	31.12.2023
Non-current interest-bearing liabilities	2 005	2 043	2 016
Current interest-bearing liabilities including overdraft	478	330	246
Non-current interest-bearing receivables (included in "Other Assets")	-2	-2	-2
Cash and cash deposits	-311	-200	-469
Net interest-bearing debt¹ (NIBD)	2 170	2 171	1 791
- of which impact from IFRS 16 leases	539	564	563

¹ Alternative performance measure, see Appendix for definition

Currency hedging strategy

Purpose is to delay effects of currency fluctuations and secure competitiveness

Hedging based on expected EBITDA¹ impact²

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

Balance sheet exposure hedged 100%

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

Contracted FX hedges with EBITDA impact (as of 16.07.24)

	USD million	USD rate	EUR million	EUR rate
Q3-2024	47	9.61	33	10.72
Q4-2024	45	9.59	34	10.62
RoY 2024	92	9.60	67	10.67
2025	158	9.92	125	10.89
2026	135	10.40	106	11.68
2027	62	10.49	53	11.87

Hedging effects by segment

NOK million	YTD-24	YTD-23	Q2-24	Q2-23
BioSolutions	-91	-54	-47	-29
BioMaterials	-72	-45	-38	-26
Fine Chemicals	-23	-14	-12	-10
Borregaard	-186	-113	-97	-65

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

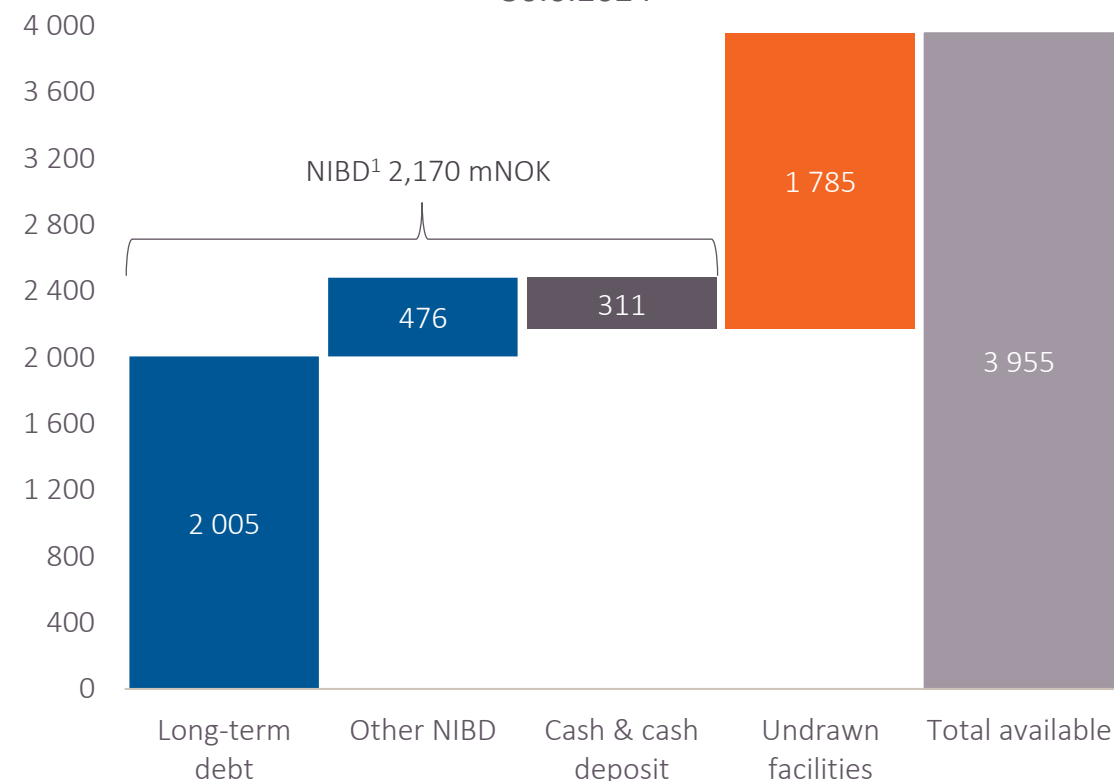
- 225 mNOK overdraft facilities
- 15 mUSD overdraft facility in LignoTech Florida
- 200 mNOK commercial paper (maturity September 2024)

Solidity

- Equity ratio¹ 53.9%
- Leverage ratio¹ LTM 1.23 (covenant < 3.50)

Debt and undrawn facilities

30.6.2024



Alternative performance measures

In the discussion of the reported operating results, financial position and cash flows, Borregaard refers to certain measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. Borregaard management makes regular use of these Alternative performance measures and is of the opinion that this information, along with comparable GAAP measures, is useful to investors who wish to evaluate the company's operating performance, ability to repay debt and capability to pursue new business opportunities. Such Alternative performance measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

- EBITDA: Operating profit before depreciation, amortisation and other income and expenses.
- EBITDA margin: EBITDA divided by operating revenues
- Equity ratio: Equity (including non-controlling interests) divided by equity and liabilities.
- Expansion investments: Investments made in order to expand production capacity, produce new products or to improve the performance of existing products. Such investments include business acquisitions, pilot plants, capitalised R&D costs and new distribution set-ups.
- Other income and expenses: Non-recurring items or items related to other periods or to a discontinued business or activity. These items are not viewed as reliable indicators of future earnings based on the business areas' normal operations. These items will be included in the Group's operating profit.
- Leverage ratio: Net interest-bearing debt divided by last twelve months' (LTM) EBITDA.
- Net interest-bearing debt (NIBD): Interest-bearing liabilities minus interest-bearing assets.
- Return on capital employed (ROCE): Last twelve months' (LTM) capital contribution (operating profit before amortisation and other income and expenses) divided by average capital employed based on the ending balance of the last five quarters. Capital employed is defined by Borregaard as the total of net working capital, intangible assets, property, plant and equipment, right-of-use assets minus net pension liabilities.

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