Credit Rating Announcement

25 March 2026

Scope affirms Borregaard's issuer rating at A-/Stable

The affirmation reflects resilient operating results, with credit metrics that remain within Scope's rating sensitivities.

The latest information on the rating, including rating reports and related methodologies, is available on this LINK.

Rating action

Scope Ratings GmbH (Scope) has today affirmed the A-/Stable issuer rating on Norwegian specialty chemicals company Borregaard ASA (Borregaard). Scope has also affirmed the A- rating on senior unsecured debt and the S-1 short-term debt rating.

The full list of rating actions and rated entities is at the end of this rating action release.

Key rating drivers

Business risk profile: BBB+ (unchanged). Borregaard's business risk profile reflects its integrated and innovative operating model within wood based specialty chemicals (credit positive ESG factor), which supports strong and stable profitability. Scope's assessment is supported by the company's good positions in its niche, high-barrier markets. It has a leading 35%-40% market share of lignin supply, offering biopolymers for advanced applications across over 600 products in different end-markets, as well as a top three position in specialty cellulose, with relevant exposure towards robust applications like regulated ones within food, pharma and personal care. Through its integrated, hard-to-replicate refinery process, the company also produces biovanillin from lignin, as well as other value accretive, though less robust products, such as advanced bioethanol.

Although having solid positions in highly specialisation applications, which supports resilient results, Scope notes that Borregaard remains exposed to competition from low-cost petrochemicals. However, Borregaard's products may become more competitive if the ongoing war in the Middle East is prolonged, as petrochemicals are likely to experience greater disruptions in terms of costs and pricing.

The reliance on its main biorefinery (Sarsborg in Norway) remains a constraint in terms of diversification, also considering that it results in sales being mainly cross border. However, the company's sales are well diversified geographically, with roughly 45% of revenue from Europe, 30% from the Americas and 25% from Asia. Combined with the diversified end-markets and products exposure (over 800 products sold to over 3,000 customers globally), this supports cash flow stability. Important end-markets include agriculture, food and pharmaceuticals, as well as more cyclical ones such as construction and chemicals.

Profitability is strong, with EBITDA margins* of 24%-25% in recent years, with low volatility, and a return on capital employed of above 25%. Scope expects the company's long-term profitability to remain supported by its efficient production process with high raw material utilisation, resilient product portfolio, continuous specialisation efforts, and progress on capex projects to debottleneck the main production facility in Norway. At the same time, Scope sees a risk that profitability could be negatively impacted, at least temporarily, by external factors such as the ongoing Middle East conflict, as well as trade barriers, and their potential impact on end-market demand. In its supply chain, Borregaard sources much of its inputs in the Nordics mitigating conflict-related supply-chain impacts observed, with exposures such as electricity and caustic soda price volatility to some extent balanced by hedging and coverage through own production.

Scope considers the company's FX exposure as a constraint to its credit quality, as it introduces cash flow uncertainty even if managed through prudent hedging to delay impacts. Scope expects the recent NOK appreciation against major sales currencies, in particular USD, to have a negative impact on profitability if prolonged.

Financial risk profile: A (unchanged). Borregaard's financial risk profile reflects its low leverage, comfortable interest cover, good cash flow generation and adequate liquidity.

Based on preliminary full-year results, debt decreased to NOK 2.1bn in 2025 from NOK 2.3bn at YE 2024, supported by currency effects, which supported stronger credit metrics than Scope anticipated.

From NOK 1.9bn in 2025, Scope projects some, but moderate EBITDA growth over the next years, with EBITDA remaining between NOK 1.9bn-2bn, reflecting the moderate risk of weaker end-market demand amidst the Middle East conflict, the recent NOK appreciation, as well as potential trade barriers (e.g. for specialty cellulose exports to the US). In
Scope's view, these factors could dampen upside over the next few years, offsetting expected supports such as further specialisation, reduced wood costs and the debottlenecking project.

As a result, Scope projects debt/EBITDA to increase to around 1.3x at YE 2028 from 1.1x at YE 2025, with the increase driven by higher debt due to high planned investments and the continuation of shareholder distributions. At the same time, Scope expects funds from operations/debt to decrease to around 60% in 2026-2028 from 70% in 2025.

Interest cover is likely to remain above 10x despite the projected increase in debt, supported by Scope's expectation of relatively stable EBITDA and considering the current interest rate environment.

Scope expects cash flow cover, measured by free operating cash flow/debt, to be around 15% in 2026-2027 before improving above 20% in 2028 due to reduced capex once the debottlenecking project is finalised.

The financial risk profile assessment also considers Scope's view that the company wants to maintain net debt/EBITDA (company definition) within the lower half of its 1x-2.25x target range, to have cushion against adverse shocks.

Liquidity: adequate (unchanged). Borregaard's liquidity is adequate, as upcoming debt maturities are covered by available cash, committed undrawn credit lines of NOK 1.5bn maturing in 2027 and positive expected free operating cash flow. In addition, the company has access to external financing from banks and capital markets. Scope understands that Borregaard intends to renew all its credit lines prior to their maturity to maintain its liquidity profile.

Supplementary rating drivers: credit-neutral (unchanged).

Scope has made no adjustment for supplementary rating drivers such as financial policy, parent support, or governance and structure.

One or more key drivers of the credit rating action are considered an ESG factor.

Outlook and rating sensitivities

The Stable Outlook reflects Scope's expectation that Borregaard's resilient business model in its specialty chemicals niches will continue to support its operating results despite market uncertainties, enabling the company to maintain debt/EBITDA between 1x and 1.5x over the next few years.

The **upside scenario** for the ratings and Outlook is:

1. Debt/EBITDA sustained below 1.0x. This is remote given Borregaard's leverage target (net interest-bearing debt/EBITDA of 1x-2.25x).

The **downside scenario** for the ratings and Outlook is:

1. Debt/EBITDA close to 2.0x.

Debt ratings

Scope has affirmed the S-1 short-term debt rating. This is based on the affirmed issuer rating of A-/Stable together with better-than-adequate liquidity cover and adequate access to external financing through banking relationships and standing in capital markets.

The senior unsecured debt rating has been affirmed at A-, the same level as the issuer rating.

Environmental, social and governance (ESG) factors

Borregaard's efficient production process based on renewable raw materials of advanced biochemicals is seen as a credit-positive ESG factor, as its products can substitute for petrochemicals and have a positive impact on the environmental and sustainability profile of customers' supply chains.

All rating actions and rated entities

Borregaard ASA

Issuer rating: A-/Stable, affirmation

Short-term debt rating: S-1, affirmation

Senior unsecured debt rating: A-, affirmation

**All credit metrics refer to Scope-adjusted figures.*

Stress testing & cash flow analysis

No stress testing was performed. Scope Ratings performed its standard cash flow forecasting for the company.

Methodology

The methodologies used for these Credit Ratings and/or Outlook, (Chemicals Rating Methodology, 30 June 2025; General Corporate Rating Methodology, 14 February 2025), are available on scoperatings.com/governance-and-policies/rating-governance/methodologies.
Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at scoperatings.com/governance-and-policies/regulatory/eu-regulation. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): registers.esma.europa.eu/cerep-publication. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on scoperatings.com/governance-and-policies/rating-governance/methodologies.
The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information

The Rated Entity and/or its Related Third Parties participated in the Credit Rating process.
The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity and Scope Ratings' internal sources.
Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting these Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate. Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.
Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and/or Outlook and the principal grounds on which the Credit Ratings and/or Outlook are based. Following that review, the Credit Ratings and/or Outlook were not amended before being issued.

Regulatory disclosures

These Credit Ratings and/or Outlook are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings and/or Outlook are UK-endorsed.
Lead analyst: Per Haakestad, Senior Analyst
Person responsible for approval of the Credit Ratings: Thomas Faeh, Executive Director
The Credit Ratings/Outlook were first released by Scope Ratings on 23 March 2023. The Credit Ratings/Outlook were last updated on 26 March 2025.

Potential conflicts

See scoperatings.com under Governance & Policies/Regulatory for a list of potential conflicts of interest disclosures related to the issuance of Credit Ratings, as well as a list of Ancillary Services and certain non-Credit Rating Agency services provided to Rated Entities and/or Related Third Parties.

Conditions of use / exclusion of liability

© 2026 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Fund Analysis GmbH, Scope Innovation Lab GmbH and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5, D-10785 Berlin. Public Ratings are generally accessible to the public. Subscription Ratings and Private Ratings are confidential and may not be shared with any unauthorised third party.

About Scope Group

With more than 300 employees operating from offices in Berlin, Frankfurt, London, Madrid, Milan, Oslo and Paris, Scope Group is the leading European provider of independent credit ratings, ESG analysis and fund research. Based on forward-looking and innovative methodologies, Scope offers a European perspective that contributes to greater diversity of opinion for institutional investors worldwide. Scope Ratings is registered in accordance with the EU rating regulation and operating in the European Union with ECAI status. Scope Ratings is the only European rating agency accepted by the ECB for the Eurosystem Credit Assessment Framework (ECAF). The shareholders of Scope Group include CEO and founder Florian Schoeller and anchor shareholder Stefan Quandt, numerous senior personalities in European finance and industry as well as institutional investors from several European countries. More on www.scopegroup.com

Contact

Analyst	Per Haakestad	p.haakestad@scoperatings.com
Team leader	Sebastian Zank	s.zank@scoperatings.com

Scope Ratings GmbH • Lennéstraße 5 • D-10785 Berlin • Phone: +49 30 27891-0 • Fax: +49 30 27891-0
www.scoperatings.com

Executive Board: Guillaume Jolivet, Vincent Georgel-O'Reilly • District Court: Berlin: HRB 192993 B • VAT identification number: DE226486027

Save paper! Please consider the environment before printing this email.This email may contain confidential and/or privileged information. If you are not the intended recipient (or have received this email by mistake) please notify the sender immediately and destroy this email. Any unauthorised copying, disclosure or distribution of the material in this email is strictly forbidden.