Creditreform Corporate Issuer / Issue Rating
Latvenergo AS

Creditreform Rating

13 September 2024 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has adjusted the unsolicited corporate issuer rating of Latvenergo AS from BBB+ to A-. The outlook remains stable.

Analysts

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Creditreform Rating (CRA) has adjusted the unsolicited, public corporate issuer ratings of Latvenergo AS—referred to in the following as the Company or the Group—as well as the unsolicited corporate issue rating of long-term local currency senior unsecured notes issued by the Company, from BBB+ to A-. The unsolicited short-term rating has been changed to L2 (high level of liquidity). The outlook of the rating remains stable. For more information with regard to Latvenergo's structural, business, and financial risks, please refer to the full rating report of 4 July 2023, which is published on our website.

Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

+ Overall stabilization on European energy market, contributing to improved cost structure based on lower natural gas and electricity purchase prices
+ Outstanding electricity production on Daugava HPPs due to favorable hydrology conditions
+ Growing revenues in electricity and natural gas retail business, also in other Baltic countries
+ Adjustments to the tariff system applicable since July 2023, contributing to improved operating results in distribution business
+ Slight improvement of the results of our financial analysis based on the development in 2023 and positive performance in the first half of 2024, compared with already strong key figures in 2022
+ Robust financing structure with solid equity base and ample credit facilities

- Exposure to weather conditions and developments on energy market
- Growing customer base in retail business potentially enhances exposure to market volatilities, in particular in years of pure hydrological conditions
- Growing capex in the course of expanding renewable energy sources on behalf of the Latvian government, with expected growth in debt, could put pressure on currently solid financial figures

ESG factors are factors related to environment, social issues, and, governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

ESG-criteria:

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Latvenergo AS we have not identified any ESG factors with significant influence.

We see Latvenergo, as a distribution system operator, as playing an important role in the decarbonization of the energy market of Latvia and Baltic countries by integrating the increasing volume of renewables into its system. The complexity of grid networks will increase as new wind and solar power generation capacity is installed, with the energy system shifting from large-scale, centralized power plant generation to smaller-sized and more widely-distributed energy facilities located closer to the points of consumption. Another challenge to be addressed during this transition is the intermittent generation of wind and solar energy, since it cannot be easily stored or transported, and the stability of energy distribution can vary significantly according to the climate characteristics of each geographic region. All of this will require grid operators to raise investments significantly over the next few years, with the objective of not only expanding their network infrastructure, but also increasing the digitization of operations and energy efficiency through new technologies.

The main focus of Latvenergo's strategy 2022-2026, approved by the Cabinet of Ministers of the Republic of Latvia, lies in a substantial increase the share of renewable energy sources in electricity generation through complementing existing generation capacity with solar and wind power parks, thus contributing to the energy independence of Latvia. The Company is committed to doubling the generation capacity of renewable electricity by 2030 to 2,300 MW. In this context, Latvenergo has initiated a range of major joint projects aimed at the development, construction, and management of onshore and offshore wind farms with Latvian and international partners. In the distribution segment, the strategy aims at improving the quality and security of electricity supply, and envisages the creation of a two-way network for the development of microgeneration and the implementation of digital transformation and efficiency measures. Latvenergo is involved in the construction of electromobility infrastructure in the Baltics, and aims to significantly increase the number of charging points by 2030. By increasing its customer portfolio within its trade activities, the Company is committed to promoting microgeneration, electrification, and energy efficiency. In order to align its financial policy with its sustainability strategy, Latvenergo has developed its Green Bond Framework, under which financing instruments issued are linked to the environmental objectives defined in the EU taxonomy.

We view Latvenergo as well-positioned to address the challenges associated with its medium-term strategic objectives, partly due to its proximity to the Latvian Government and strategic importance for the country's economy. Moreover, we think that the Group plays a central role in Latvian energy and climate policy, and thus see the energy transition as a potential key growth driver for the Company's performance in the long term. In this context, we assess the business model of Latvenergo as future-oriented.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Rating result

The current unsolicited corporate issuer rating (A- / stable) attests a high level of creditworthiness to Latvenergo AS, representing a low default risk for the Company.

Latvenergo AS is of strategic importance for the Republic of Latvia as its major electricity distribution grid operator and as one of the most important domestic energy suppliers. The Group benefits from a stable and overall supportive regulatory framework, with roughly one-fifth of its EBITDA generated in a regulated environment and representing largely stable cash flows. Latvenergo's earnings are dominated by electricity and heat generation business in Latvia and trade activities throughout the Baltic region, which are subject to a range of exogenous risks such as weather conditions and water inflow, market, commodity supply, and price volatility risks. In the 2023 financial year, Latvenergo saw an overall positive market environment with a substantial decline in energy prices, in particular for natural gas prices, which is used in its

CHPPs, resulting in strengthened gross margin. Together with the substantial increase in electricity production against the backdrop of very favorable hydrology conditions in 2023, this led to stronger cash flows from operations and overall slightly improved results of our financial figures analysis. Our rating assessment is underpinned by the Group's improved financing structure, with strengthened equity base and decrease in short-term debt, as well as sufficient available credit facilities. Based on the overall stabilization on the European energy market and the development of the Company in the recent years, including its performance in 2024, we expect that Latvenergo's solid financials will remain in the coming years on the level, commensurate with our current rating assessment. Given the fact that the Republic of Latvia owns 100% of the Company's shares, and based on our rating methodology for government-related companies, we assume that the Latvian government would support the Company in meeting any extraordinary financial shortfall. For this reason, and based on the direct correlation between the country's GDP growth and energy consumption, the rating of Latvenergo AS is linked to the sovereign rating of the Republic of Latvia (CRA rating A / stable as of 10 May 2024). Thus, any change in the sovereign rating could have an impact on Latvenergo's corporate rating. The Company's affiliation with the Latvian government has a positive impact of one notch on the stand-alone rating of Latvenergo AS.

Outlook

The one-year outlook of the rating is stable. This assessment takes into account the positive operative development in the 2022 and 2023 financial years and the Company's strengthened funding structure, with sufficient long-term financing facilities and a very solid equity base, representing a robust basis to withstand possible negative market developments or lower coverage of energy delivery obligations to retail customers from own production. We expect an overall positive development of the Company's earnings following the expansion of its retail business and favorable adjustments in the regulatory framework regarding electricity distribution. The announced increase in capex and, in particular, investments in renewable sources in order to ensure the country's energy independence could, however, result in a substantial increase in debt and interest burden, negatively affecting our rating assessment or the outlook in the future.

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Best-case scenario: A-

In our best-case scenario for one year, we assume a confirmation of the A- rating. We see the Company as able to maintain its currently sound financials on a level commensurate with our rating assessment, despite possible increase in liabilities in the course of expanding renewable energy sources. However, with a view at Latvenergo's elevated exposure to exogenous factors, e.g. weather conditions and market fluctuations, we do not currently see potential for further rating upgrade. The rating could however be upgraded following an improvement in the sovereign rating of the Republic of Latvia.

Worst-case scenario: BBB+

In our worst-case scenario for one year, we assume a rating of BBB+. This could be the case if the Group's financials deteriorate following a decline in its earnings capacity due to unfavorable exogenous factors, such as weather conditions affecting the Company's generation business, negative market developments affecting its trading activities, or following a substantial increase in debt due to cost overruns and/or a substantial increase in capex, as well as significant delays in construction. A further factor could be the downgrade of the sovereign rating of the Republic of Latvia.

Business development and outlook

In the 2023 financial year, Latvenergo operated in an overall favorable market environment with stabilized energy prices, resulting primarily from lower natural gas prices following the establishing of new sources of gas supply and development of LNG infrastructure in Europe, measures aimed at the substitution of Russian gas supplies. Increased capacities of renewable energy sources and a resulting Europe-wide increase in green electricity output supported the stabilization of electricity prices on the spot markets.

Table 1: Financials of Company Latvenergo AS I Source: Latvenergo Group Consolidated and Latvenergo AS Annual Report 2023

Latvenergo AS **Selected key figures of the financial statement analysis** **Basis: Annual accounts as of 31.12. (IAS, Group)**	**CRA standardized figures[1]**	
	2022	2023
Sales (EUR million)	1,842	2,034
EBITDA (EUR million)	360	602
EBIT (EUR million)	194	405
EAT (EUR million)	184	351
EAT after transfer (EUR million)	183	350
Total assets (EUR million)	3,852	4,117
Equity ratio (%)	64.24	74.56
Capital lock-up period (days)	11.77	16.93
Short-term capital lock-up (%)	26.06	7.09
Net total debt / EBITDA adj. (factor)	3.47	1.52
Ratio of interest expenses to total debt (%)	0.78	2.51
Return on Investment (%)	5.05	8.91

The Group's revenue grew by 10% to EUR 2,034 million against the backdrop of an increase in the amount of energy supplied to end customers, higher energy sales prices, and the increase in power generated at Daugava hydro power plants (HPPs). Additionally, the introduction of new favorable distribution tariffs in July 2023 contributed to the revenue growth. Against the backdrop of the stabilization of natural gas and electricity purchase prices, but also due to the higher volume of Latvenergo's own power production and of retail sales volumes, the Company saw a surge in operating results, with EBITDA growth of 67% to EUR 602 million and EBIT more than doubling to EUR 405 million. The Group's net profit increased by 91% to EUR 351 million (2022: EUR 184 million).

[1] For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

Table 2: The development of business segments in 2023 I Source: Latvenergo Group Consolidated and Latvenergo AS Annual Report 2023

Latvenergo AS according to individual segments in 2023				
in million EUR	Generation and Trade		Distribution	
	2022	2023	2022	2023
Sales to third parties	1,533	1,684	301	343
EBITDA	275	480	71	112
Segment profit before tax	202	378	(10)	30
Segment assets at the end of the year	1,834	1,941	1,792	1,800

Generation and Trade contributed 83% of Latvenergo's revenues and to 80% of its EBITDA in 2023. The Group's electricity generation increased significantly, in particular as a result of very favorable hydrological conditions, with water inflow in the Daugava River 56% higher than in 2022 and resulting in outstanding electricity production of 3.725 GWh on the Daugava HPPs (hydro power stations), 39% more than in 2022 (2,671 GWh). Total electricity production in HPPs and CHPPs was up by 35%, reaching 5,115 GWh (2022: 3,800 GWh), with 73% generated from renewable energy sources (2022: 70%). The volume of thermal energy generated, largely depending on weather conditions and demand, reached 1,698 GWh in 2023 (2022: 1,777 GWh). The Company's own generation corresponded to 83% of electricity sold in Latvenergo's retail electricity supply business (6,208 GWh; 2022: 5,452 GWh). The increase in electricity supply was driven by the further expansion of Latvenergo's customer base, reaching 845 thousand customers (+3%), including 227 thousand in other Baltic countries (2022: 176 thousands, +29%). The number of customers in the natural gas retail business more than doubled, reaching 49 thousand.

With 17% of its revenues and 19% of EBITDA in 2023, the **Distribution** segment remains a substantial part of Latvenergo's business, having an overall stabilizing effect on the Company's performance based on its predictable and largely stable cash flow generation. Despite the decline in the electricity distributed (6,021 GWh vs. 6,241 GWh in 2022), the segment's sales increased by 14%, and its EBITDA by 58% in 2023. This was mainly a result of the introduction of the new tariffs in July 2023, with a larger proportion of the fixed tariff, according to the Company, enabling better coverage of the actual maintenance costs for the distribution network.

Table 3: Figures of current financial year I Source: Latvenergo unaudited condensed interim financial statements for the first six months of 2024

Latvenergo AS H1 figures				
in EUR mln	H1 2023	H1 2024	Δ	Δ %
Revenue	1,168	955	(213)	(18)
EBITDA	345	394	49	14
Profit	223	253	30	13

The decrease in revenue in the first six months of 2024, resulting from overall lower energy sales prices and, in particular, a further decline in natural gas prices, was partly offset by positive effects from the tariff adjustments in the distribution segment. The electricity produced by HPPs was 10% lower due to lower water inflow in 2024 (, 2,558 GWh), while the total electricity production increased slightly due to increased generation in the CHPPs (949 GWh, +49%). The Company's EBITDA grew by 14%, driven by improved performance in the Distribution segment, increased volumes of electricity and natural gas sold to end customers, as well as lower natural gas purchase prices.

In 2023, against the backdrop of the stabilization of energy prices, and in particular the significant decrease in purchase prices for natural gas, as well as due to favorable hydrological conditions which ultimately resulted in a solid total power output, Latvenergo demonstrated stronger earnings capacity and improved profitability figures. Funds from operations (FFO) increased by 48% in 2023 (EUR 538 million; 2022: EUR 363 million), and its net cash flow generated from operating activities more than tripled at EUR 576 million (2022: EUR 126 million). In the first half of 2024, the FFO was largely stable with EUR 314 million (1H 2023: EUR 328 million), and cash flow from operating activities after working capital effects stood at EUR 393 million (H1 2023: EUR 546 million).

The Group's medium-term strategy for 2022-2026 was approved by the Supervisory Board in March 2022. In line with the Sustainable Development Strategy of the Republic of Latvia – Latvia 2030 - Latvenergo's strategy is largely aimed at intensifying the development of sustainable energy generation, thus contributing to the country's energy independence. The electrification of transport, an increase in the efficiency of the distribution network and services, as well as a further expansion of Elektrum's market share (of trade activities) in the Baltic countries are further key themes of the middle-term strategy. Financial targets comprise maintaining an annual profitability of over 7% (excluding regulated business), in line with the average benchmark companies in the European energy sector, and maintaining a sound capital structure with adjusted FFO/net financial debt of over 25%, a prudent dividend policy with a payout ratio above 64%, and maintaining an investment-grade rating.

In line with the Company's strategy, we see a continuous increase in its capex, with investments totaling EUR 193.3 million in 2023 (+59% vs. 2022) and sharply increased in the first half of 2024 to EUR 174.8 million (1H 2023 EUR 85.1 million), of which more than half (EUR 98 million) was connected to new wind and solar generation capacity. The majority of these are expected to be commissioned gradually between 2024 and 2026. A substantial part of the funds still needs to be allocated to the distribution segment in order to ensure efficient electricity supply and technical safety of the distribution networks. The Group's investments in renewable energy sources will continue to increase significantly, contributing to the reduction of GHG emissions and facilitating climate neutrality for Latvia by 2050.

In addition to its internal earnings generation, the Company has a variety of external long-term financing sources in place to finance its investments. Within its third bond issuance program, Latvenergo issued three bonds in the format of green bonds, with a total amount of EUR 200 million, the last of which was issued in February 2023. In 2022, the Company attracted new long-term loans from commercial banks in the amount of EUR 200 million to finance and refinance its green investments, which remained undrawn as of the end of 2023. Additionally, the Group had six overdraft agreements with a total amount of EUR 236 million, none of which were used as of year-end. As of 30 June 2024, the Group's total borrowings amounted to EUR 583.5 million (31 December 2023: EUR 629.7 million), all of which are long-term loans. Net debt was almost stable, standing at EUR 512.2 million as of 30 June 2024 (EUR 511.2 as of 31.12.2023). The weighted average long-term loan repayment period was 3.7 years (30 June 2023: 3.8 years). The effective weighted average interest rate (with interest rate swaps) increased to 3.6% (30 June

2023: 2.9%). In light of the improved operating results, CRA's Net total debt / EBITDA adj. improved substantially to 1.52x as of 31 December 2023. The Company reported net debt / EBITDA (considering only financial liabilities) of 1.1x as of 31 December 2023 and of 0.7 as of 30 July 2024.

After the dividend payments in June 2024 amounting to EUR 212.2 million, the Company had a liquidity position with EUR 71.2 million cash and short-term deposits, sufficient to cover outstanding debt payments and operating expenses.

The financing structure of the Group is currently robust, taking into consideration the adequate maturity profile with no major short-term obligations apart from the current portion of long-term loans and a very solid net total debt / EBITDA adj. of 1.52x coverage. According to the Group's strategy, we expect an increase in capex in the coming years, which could put pressure on its liquidity and results of our key financial figures analysis. Currently, the Company demonstrates a srong internal financing capacity, underpinned by the overall stabilization of energy prices, favorable hydrology conditions over the past two years, as well as by its growing customer base in the Baltics. Further disruptions in energy supplies, unfavorable weather conditions, or an overall increase in operating expenses and financing costs, cannot be ruled out for the future. Persistently restrained economic sentiment would have a negative impact on the Group's operations. The growing customer base enhances the Company's exposure to volatilities on the energy markets due to its growing electricity and natural gas supply obligations. The strategy of expanding a renewable energy source-based generation portfolio would help to enhance the Company's independence from energy supplies from third parties, and from exogenous factors like water inflow, which currently remain key factors for the Group's operating performance. However, we see the positive performance of recent years and currently solid financial structure as having a sufficient leeway and enabling Latvenergo to withstand possible market fluctuations or unfavorable weather conditions, as well as a certain debt expansion resulting from increased capex. The Company's affiliation with the Latvian government, resulting from its strategic importance for the country's economy, as well as its declared sound financial strategy with a focus on a balanced financing structure and moderate dividend policy, underpin our rating assessment.

Further ratings

Based on the long-term issuer rating and taking into account our liquidity analysis, the short-term rating of the Latvenergo AS was set at L2 (standard mapping), which corresponds to a high level of liquidity assessment for one year.

The rating objects of the issue rating are exclusively long-term senior unsecured issues, denominated in euro, issued by Latvenergo AS, which are included in the list of ECB-eligible marketable assets. The issues have been issued under the Third Programme for the Issuance of Notes with its latest prospectus from 20 April 2022 and the supplement to it dated 20 September 2022.

We have provided the long-term local currency senior unsecured notes issued by Latvenergo AS with an unsolicited rating of A- / stable. The rating is based on the corporate issuer rating.

Long-term local currency senior unsecured notes issued by Latvenrgo AS, which have similar conditions to the current issuance programme, denominated in euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes issued under the Third Programme for the Issuance of Notes. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by

CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Table 4: Overview of CRA Ratings I Source: CRA

Rating Category	Details	
	Date of rating committee	Rating
Latvenergo AS	13.09.2024	A- / stable / L2
Long-term Local Currency (LC) Senior Unsecured Issues issued by Acciona Financiación Filiales S.A. Unipersonal	13.09.2024	A- / stable
Other	--	n.r.

Appendix

Rating history

The rating history is available under the following link.

Table 5: Corporate Issuer Rating of Latvenergo AS

Event	Rating created	Publication date	Result
Initial rating	04.07.2023	06.07.2023	BBB+ / stable / L3

Table 6: LT LC Senior Unsecured Notes issued by Latvenergo AS

Event	Rating created	Publication date	Result
Initial rating	04.07.2023	06.07.2023	BBB+ / stable

Regulatory requirements

The rating[2] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

With Rated Entity or Related Third Party Participation	No
With access to Internal Documents	No
With Access to Management	No

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Corporate Short-Term Ratings	1.0	June 2023
Government-related Companies	1.1	May 2023
Non-financial Corporate Issue Ratings	2.0	March 2024
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

[2] In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Elena Damijan	Lead-analyst	E.Damijan@creditreform-rating.de
Christina Sauerwein	Analyst	C.Sauerwein@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Philip Michaelis	PAC	P.Michaelis@creditreform-rating.de

On 13 September 2024, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 17 September 2024. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final rating reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rating entity or for third parties associated with the rated entity:

No ancillary services in the regulatory sense were carried out for this rating object.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report

2. Website

3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating

2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website.

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

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