Creditreform Corporate Issuer / Issue Rating

Fresenius SE & Co. KGaA

Creditreform Rating

29 August 2024 – Neuss, Germany

## Rating Action / Update:

## Creditreform Rating has affirmed the unsolicited corporate issuer rating of Fresenius SE & Co. KGaA at BBB /stable

Creditreform Rating (CRA) has affirmed the unsolicited, public corporate issuer ratings of Fresenius SE & Co. KGaA — in the following called 'Fresenius', 'the Group' or 'the Company'— and Fresenius Finance Ireland PLC, as well as the unsolicited corporate issue ratings of long-term local currency senior unsecured notes issued by Fresenius SE & Co. KGaA and Fresenius Finance Ireland PLC, at BBB. The outlook for the ratings remains stable.The unsolicited short-term rating has also been affirmed at L3 (Adequate level of liquidity). We also refer to our rating report of 28 September 2022, which contains further material information regarding the rating objects.

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## Current relevant factors for the rating

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

- \+ Organic growth in results in 2023 and an improved standardized equity ratio as result of Fresenius' restructuring measures, including the deconsolidation of Fresenius Medical Care
- \+ Leaner and more optimized corporate structure following the exit plan of Vamed
- \+ Fresenius now focuses strongly on increasing operating profitability through its high-margin companies Kabi and Helios and reducing leverage
- \+ Already strong operating performance in H1 2024, with double digit-growth on organic base and reported base
- \+ Improved reported net debt/EBITDA adj. of 3.43x (31.12.2023: 3.76x), within Fresenius' envisaged target range of 3.0x-3.5x by year end
- \+ Further organic growth and further improvements in its reported leverage ratio expected for the FY 2024

- \- Strongly impacted business model in the last years, reflected in steady decline in margins, e.g., in the wake of excess mortality of dialysis patients due to COVID-19 pandemic; staff and supply shortages, and inflation related cost increases
- \- In 2023, as already assumed in our rating of 2022, significant deterioration of profitability, largely a result of special items in connection with Fresenius' restructuring measures
- \- Continued uncertain market conditions; volatile energy and commodity prices, as well as persistently high interest rates and global economic slowdown driven by inflationary environment and geopolitical tensions

 

**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, which would lead to a change in the rating result or outlook.

**ESG-criteria:**

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

Nevertheless, ESG factors play an important role for Fresenius, in particular related to securing and expanding its market position for the future.

Fresenius aligns its sustainability strategy with the United Nations' 17 Sustainable Development Goals (SDGs), focusing in particular on "Health and well-being," "Quality education," and "Decent work and economic growth". In addition, Fresenius integrates the aspects of the United Nations Global Compact into its strategic planning by means of an intensive assessment of Group-wide sustainability risks. In terms of preserving the environment, the Company has set itself the target of reducing scope 1 and scope 2 emissions by 50% in absolute terms by 2030 as compared to 2020, and of becoming carbon neutral by 2040. Fresenius also announced, that the Company aims to become net zero by 2050, also including Scope 3 emissions.

Fresenius is also well-positioned with regard to its diversity ratio of women to men, which is partially due to the trend in the industry as a whole. The proportion of women in the Fresenius Group was at roughly 68% as of 31 December 2023, with the proportion in management positions at 33.9% (2021: 32.6 %). In 2023, the proportion of women at the first management level was 30.0%, at the second management level 24.1%.

The pharmaceutical sector bears a very high social responsibility towards its customers, as the use of drugs is intended to save lives, but can also endanger patients' lives due to side effects. For this reason, the sector is subject to the highest regulatory requirements, as well as tests prior to approval by the responsible drug authorities (FDA, EMA). The handling and safeguarding of personal data is also associated with a high level of social responsibility.

In our opinion, Fresenius has already created a good basis and starting position to be able to meet the steadily increasing requirements for ESG factors and non-financial reporting. The Group's economic position should also make it possible to provide the financial resources required to achieve its targets. Overall, we believe that Fresenius is well-positioned with regard to ESG factors, among other reasons due to its high degree of diversity in management, its $CO_2$ targets, and other commitments in line with the Sustainable Development Goals. We do not, therefore, see any regulatory risks with regard to ESG factors.

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 unsolicited corporate issuer rating of Fresenius at BBB attests a highly satisfactory level of creditworthiness, representing a low-to-medium default risk. Our rating assessment is based on Fresenius' leading position in its relevant markets in the non-cyclical healthcare sector, its low exposure to overall economic fluctuations, and its globally diversified business portfolio, enabling the Company to generate strong and predictable cash flows. In recent years, we have seen a steady decline in profitability, with business performance severely impacted by adverse social and economic conditions. In addition, the Company's financials have been burdened by increased debt. However, based on its recent strategic measures and its continued sound financial profile, the rating has remained stable. To counteract the adverse devolvement, the Company

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.

launched a strategic plan in 2023 relying on restructuring, including the deconsolidation of Fresenius Medical Care AG & Co. KGaA by changing its legal form, as well as on efficient capital allocation, focusing on its high-margin operating core companies Fresenius Kabi and Fresenius Helios in combination with cost-saving programs. In 2023, although strategic progresses could be seen on organic base, financial results were nevertheless dampened by non-operating items related to Fresenius' restructuring measures and, to a certain extent, by higher interest rates. However, in H1 2024, the Company was able to improve operating profitability and reduce leverage, thus stabilizing its sound financial profile. The Company's adequate liquidity position and good access to the capital market underpin the rating.

## Outlook

The one-year outlook of the rating is stable. As the Company has completed its relevant restructuring measures, including the transformation plan of its less profitable company Vamed into an investment company by a holding a share of about 30%, Fresenius currently focuses on increasing operating profitability and stabilizing its reported leverage ratio. The Company already achieved strong organic and reported EBIT growth in the first half of 2024, displaying a potential turnaround in its downward trend in profitability in recent years. In line with the Company's reported upgraded outlook, and based on its strong start in Q1 2024 and its strategic plan, we expect ongoing recovering operating profitability and improvements in its leverage ratio, showing reported net debt /EBITDA of 3.0x-3.5x in line with its committed target range.

### Best-case scenario: BBB+

In our best-case scenario for one year, we assume a rating of BBB+. In this scenario, the Company is able to increase its profitability, and the outlook reflects continued growth in earnings performance. In this scenario we also see a significantly improved leverage ratio, while at the same time the Company maintains an equity ratio of over 30%, reflecting an overall stronger financial profile as in recent years. However, continuing high interest rates and persistently uncertain market conditions could still prevent an upgrade.

### Worst-case scenario: BBB-

In the worst-case scenario for one year, we assume a rating of BBB-. In this scenario, we expect declining ratios, partially driven by organic performance, and a significant deterioration in the Company's financial ratios without prospects of a turnaround in the near-term. The burdened business environment in the wake of a sharp increase in commodity costs, and the associated economic consequences, curb Fresenius' growth plans. An increase in debt, e.g. in connection with possible M&A transactions could also put pressure on the rating.

## Business development and outlook

Due to the deconsolidation of Fresenius Medical Care (FMC) as a result of the change in legal form[1], the following reported figures for 2022 show discrepancies to the 2022 figures reported in our previous report. Following the approval to change its legal form on July 14, 2023, FMC was accounted in accordance with IFRS 5. Following the entry of a change in legal form into the com-

[1] On 14 July 2023 Ninety-nine percent of Fresenius' shareholders voted for the conversion of FMC from its legal form of a partnership limited by shares (Kommanditgesellschaft auf Aktie, or KGaA) into a German stock corporation (Aktiengesellschaft, or AG) at the Extraordinary General Meeting. The deconsolidation should help to achieve leaner structures and more financial flexibility for FMC. The previous construct was subject to the goal of having control over its subsidiary.

mercial register on November 30, 2023, the investment in Fresenius Medical Care has been accounted for at equity in in accordance with IAS 28. The deconsolidation also led to a significant reduction in revenues and total assets in comparison with non-restated figures. Although the earnings contribution of FMC based on Fresenius' unchanged 32% shareholding investment in Fresenius Medical Care remains the same, we also see a less diversified business model. In addition, Fresenius' ongoing restructuring and transformation measures, including the transformation process of Vamed from an operating company to an investment company, led to significant adverse special items, diminishing profitability ratios. However, in return, the Company was able to record organic growth in 2023, reflecting the first positive effects from its transformation measures — A positive development we see even more clearly in the H1 2024 performance as described below, as the Company was able to reach double-digit EBIT growth on an organic and reported base, as well as improving corresponding margins.

Table 1: Financials of Fresenius SE & Co. KGaA I Source: Fresenius SE & Co. KGaA Annual report 2023, standardized by CRA

| **Fresenius SE & Co. KGaA**<br>**Selected key figures of the financial statement analysis**<br>**Basis: Annual accounts and report of 31.12. (IAS, Group)** | **CRA standardized figures[2]** | |
|---|---|---|
| | **2022[3]** | **2023** |
| Revenues (million EUR) | 21,532 | 22,299 |
| EBITDA (million EUR) | 4,798 | 3,235 |
| EBIT (million EUR) | 1,812 | 1,143 |
| EAT (million EUR) | 2,117 | -1,700 |
| EAT after transfer (million EUR) | 1,154 | -594 |
| Total assets (million EUR) | 58,425 | 36,272 |
| Equity ratio (%) | 27.40 | 31.22 |
| Capital lock-up period (days) | 36.68 | 24.36 |
| Short-term capital lock-up (%) | 40.12 | 26.17 |
| Net total debt / EBITDA adj. (factor) | 8.30 | 6.92 |
| Ratio of interest expenses to total debt (%) | 0.81 | 2.14 |
| Return on Investment (%) | 3.99 | -3.54 |

In 2023, the Company recorded revenues of EUR 22,299 million (2022: 21,532 million), up by 3.6% compared to 2022. Organic growth was 6%, driven by its operating companies[4] Kabi and Helios while revenue development in its still consolidated investment company Vamed was flat. The largest contributor to growth was Helios, based on increasing demand. Kabi's three divisions MedTech, Nutrition and Biopharma developed also well. In particular, Biopharmaceuticals recorded significant growth of 93% after successful product launches in Europe and the USA.

[2] 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.

[3]

[4] Based on Fresenius new strategy Fresenius differentiates between operating and investment companies. While Fresenius Kabi and Fresenius Helios represents Fresenius operating companies, holding a 100% share on each company, and representing as below described Fresenius investment focus, Fresenius Medical Care and Fresenius Vamed will be managed as investment companies, holding at this stage about 32% and 77%.

Reported EBIT amounted to EUR 1,143 million (2022: 1,812 million), down by 36.9%. The significant decline was as a result of special items linked to the Company's restructuring measures, including in particular expenses associated with Fresenius' cost and efficiency program (EUR 221 million), Vamed's transformation (EUR 554 million), and legacy portfolio adjustments (EUR 320 million). Legacy portfolio adjustments were largely related to the sale of the Eugin Group and the termination of the activities of Curalie GmbH. EBIT before special items increased to EUR 2,262 million (2022 EUR 2,190 million), up by 3.2% due to the favorable business development of its operating companies and progress in Fresenius' cost-saving program. The struggling division Vamed contributed a negative EBIT (see table 2); however, since the third quarter of 2023, the division has shown some recovery.

Table 2: EBIT before special items development of Fresenius SE & Co. KGaA operating segments I Source: Integrated Annual Report 2023, reported information (IFRS), own presentation

| **Fresenius SE & Co. KGaA – EBIT before special items** | | | | |
|---|---|---|---|---|
| In million EUR | **2022** | **2023** | **Δ** | **Δ %** |
| Fresenius Kabi | 1,080 | 1,145 | 65 | 6.0 |
| Fresenius Helios | 1,185 | 1,232 | 47 | 4.0 |
| Fresenius Vamed | 20 | -16 | -36 | -- |

Reported net income from continuing operations was EUR 238 million (2022: 1,222 million), down by 80.5%. In addition to adverse effects of special items the decline was also driven by higher financial expenses (2023: EUR 534 million vs. 2022: EUR 345 million) based on higher interest rates, and a higher tax rate. Reported net income including net income from deconsolidated FMC amounted EUR -1,700 million largely in connection with a revaluation loss and costs in wake of the deconsolidation. These adverse one off effects, amounting in total EUR 1.9 billion significantly dampened return on investment for this year, however without impacting cash or adversely affecting Fresenius' financial profile, as described below.

A positive effect in the wake of the deconsolidation was a higher equity ratio (standardized by CRA), by far surpassing pre-crisis levels with reference to 2019. Despite a negative net income of EUR 1.7 million related to the deconsolidation of FMC, CRA's standardized equity ratio improved to 31.2% (2022: 27.4%, 2019: 23.29%) as equity has decreased less sharply than the balance sheet total.

Fresenius has made good progress with regards to structural simplification process, such as the deconsolidation of FMC, the disposal of the Eugin Group, and the exit plan of Vamed. The exit plan of Vamed, which started in May 2024, and should be completed by 2026, will see the completion of strategic portfolio optimization within the FutureFresenius plan. Fresenius will continue to hold roughly 30% of Vamed's revenues based on the High-End Services division, which provides services for Fresenius Helios and other hospitals. As of Q2 2024, Vamed will no longer be a reporting segment. The Company expects this to reduce complexity and improve profitability. Also with regard to its cost and efficiency program, the Company has made progress in achieving a leaner cost structure. Fresenius had already achieved structural savings of approximately EUR 336 million at EBIT level by the first half of 2024. By the end of the current year, the Company seeks to achieve EUR 400 million in cost savings, meeting its target for 2025 one year earlier than foreseen. Its strategic progress is also clearly apparent in Fresenius' current operating performance.

In H1 2024, reported EBIT amounted EUR 821 million (H1 2023: EUR 708 million), up by 16.0%. EBIT before special items increased to EUR 1,291 million, (H1 2023: EUR 554 million), a rise of 12.4% with a margin of 12.1% (Q1 2023: 11.3%). The positive results were again due to good sales performance in both operating companies, and to ongoing cost-saving measures. Kabi's division Biopharma benefitted from dynamics in the licensing business at mAbxience and the ongoing favorable development of Tyenne with regard to its product launch in Europe[5]. At Helios, the improvements were largely driven by its business in Spain, and also in connection with temporary government compensation payments for higher energy costs. Special items related expenses totaled EUR 441 million, largely related to the Vamed transformation and exit process (EUR 393 million), and to the Fresenius cost and efficiency program (EUR 57 million). Adversely affected by special items largely in connection with the Vamed exit and the discontinued operations at Vamed reported net income attributable to shareholders of Fresenius SE & Co. KGaA fell to EUR -95 million (H1 2023: EUR 426 million). Excluding special items, adjusted net income amounted to EUR 888 million (H1 2023: EUR 807 million), up by 10.3% as the improved operating performance of its operating companies Kabi and Helios, along with its cost reductions measures, more than offset higher net interest.

Table 3: EBIT before special items development of Fresenius SE & Co. KGa operating segments in HY1 2024 I Source: Half-Year Financial Report H1 2024, reported information)

| Fresenius SE & Co. KGaA | | | | |
|---|---|---|---|---|
| In million EUR | HY1 2023 | HY1 2023 | Δ | Δ % |
| Fresenius Kabi | 285 | 334 | 49 | 17.2 |
| Fresenius Helios | 301 | 357 | 56 | 18.6 |

In the first half of 2024, we also see slight improvements in the balance sheet structure based on fewer liabilities. Reported total liabilities decreased to EUR 23.9 billion (31.12.2023: EUR 25.6 billion), also related to the exit of Vamed. Reported net financial debt stood at EUR 12.4 million (31.12.2023: EUR 13.3 billion). The Company's reported net financial debt /EBITDA adj. decreased to 3.43x (31.12.2023: 3.76x), thus within the Company's self set target corridor of 3.0-3.5x, and achieving its target for the end of the year ahead of schedule. This improvement was driven by the Company's operating performance and higher free cash flow, as well as the above-mentioned exit of Vamed. Reported free cash flow from continuing operations after acquisitions and dividends amounted to EUR 631 million after posting a negative result in the first half of 2023 (EUR -674 million). The increase was driven by better performance and, in particular, improved working capital, as well as the legally required suspension of dividend payments for the 2023 financial year as a result of the utilization of state compensation and reimbursement payments for increased energy costs provided for in the Hospital Financing Act. For the coming years, the dividend policy will remain progressive, expecting a pay-out ratio of at least 30% for the financial year 2024, which we still see as plausible, partly based on Fresenius' solid equity ratio. In addition, the Company continues to focus on increasing its cash generation through, e.g., efficient working capital management with the aim of reducing leverage, expecting further

[5] On 1 November 2023, Fresenius Kabi launches Tyenne, the first approved tocilizumab biosimilar in the European Union for the treatment of several inflammatory and immune diseases.

reduction of its reported net financial debt/EBITDA adj. for the second half of the year. In addition, the Company expects to increase slightly its reported equity ratio for 2024, which should also stabilize our financial analysis.

Fresenius' sound financial profile is also underpinned by a balanced maturity profile and an adequate liquidity position. As of 30 June 2024, the Company had cash and cash equivalents of EUR 1.1 billion, other current financial assets of EUR 1.6 billion, and undrawn credit facilities of EUR 3.1 billion, together covering current financial liabilities roughly 2.93x times.

Based on its strong performance in the first quarter of 2024, the Company has raised its outlook in Q1 2024, expecting revenue growth of 4-7% on an organic basis (previous forecast 3-6%)[6], and adjusted EBIT growth of 6-10% (previously: 4-8%) for 2024. To reach its targets, in addition to cost savings, the Company focuses on volume and price growth, partly due to new generic launches and specialized nutrition. A further growth driver is Tyenne, based on its successful launch in the EU and the US, as well as a focus on expanding its oncology portfolio with the help of commercial partners. For Helios, the Company focuses on heart health through digital transformation, including AI in its daily operations.

Overall, despite a significant size reduction and a less diversified business profile, we consider the transformation process to be favorable for the Company, dispensing with its less profitable segments and instead focusing on those, which achieve higher margins. Fresenius has shown improved operating performance during the first half of 2024, in line with its strategic progress, reflecting the beginning of a potential turnaround in its downward trending profitability and increasing leverage in recent years. The Company's reported outlook for the full year is also promising with its focus on EBIT growth and further deleveraging, leading us to except a certain recovery in relevant credit metrics. Nevertheless, the strategy also harbors certain risks due to considerable extraordinary costs and, in particular, the uncertainty surrounding its long-term success. Market conditions currently exacerbate this uncertainty. Although supply shortages have generally dissipated, and inflation is easing, there are still headwinds as regards high commodity prices in Europe and continuing elevated interest rates. Although the economic outlook for Europe is less cloudy than previously assumed, growth continues to be slow, and the further geopolitical course and its global economic consequences remain unclear at this stage. Nevertheless, based on the Company's track record, its leading position, and its sound financial profile, we see Fresenius as well-positioned to face the current ongoing uncertainty.

## Further ratings

In addition to the rating of Fresenius SE & Co. KGaA, the following Issuer and its issues (see below), have been rated.

- Fresenius Finance Ireland PLC

Due to the corporate, strategic, liability, financial, economic and performance-related interdependencies of the aforementioned subsidiary (direct 100% subsidiary of Fresenius SE & Co. KGaA and which has been consolidated into the Group annual accounts), we derive the unsolicited corporate issuer rating of this subsidiary from the unsolicited corporate issuer rating of Fresenius SE & Co. KGaA and set it equal to its rating of BBB / stable.

[6] Outlook expectations for 2024 reported at the Annual Report of 2023

Based on the long-term issuer rating, and taking into account our liquidity analysis, the short-term rating of Fresenius SE & Co. KGaA and the abovementioned subsidiary has been set at L3 (standard mapping), which corresponds to an adequate liquidity assessment for one year.

The rating objects of the issue ratings are exclusively long-term senior unsecured issues, denominated in euro, issued by Fresenius SE & Co. KGaA and the abovementioned subsidiary, which are included in the list of ECB-eligible marketable assets.

The notes have been issued under the Debt Issuance Program (DIP) with the latest prospectus of 17 May 2024. The DIP amounts to EUR 15 billion and is unconditionally and irrevocably guaranteed by Fresenius SE & Co. KGaA.

We have provided the long-term local currency senior unsecured notes issued by Fresenius SE & Co. KGaA and the above-mentioned subsidiary with an unsolicited rating of BBB / stable. The ratings are based on the respective corporate issuer ratings.

Long-term local currency senior unsecured notes issued by Fresenius SE & Co. KGaA and the abovementioned subsidiary which have similar conditions to the current DIP, 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 DIP. 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 |
| Fresenius SE & Co. KGaA | 29.08.2024 | BBB / stable / L3 |
| Fresenius Finance Ireland PLC | 29.08.2024 | BBB / stable / L3 |
| Long-term Local Currency (LC) Senior Unsecured Issues issued by Fresenius SE & Co. KGaA | 29.08.2024 | BBB / stable |
| Long-term Local Currency (LC) Senior Unsecured Issues issued by Fresenius Finance Ireland PLC | 29.08.2024 | BBB / stable |
| Other | -- | n.r. |

## Appendix

### Rating history

The rating history is available under the following link.

Table 5: Corporate Issuer Rating of Fresenius SE & Co. KGaA

| Event | Rating created | Publication date | Result |
|---|---|---|---|
| Initial rating | 31.08.2018 | 11.09.2018 | BBB / stable |

Table 6: Corporate Issuer Rating of Fresenius Finance Ireland PLC

| Event | Rating created | Publication date | Result |
|---|---|---|---|
| Initial rating | 31.08.2018 | 11.09.2018 | BBB / stable |

Table 7: LT LC Senior Unsecured Issues issued by Fresenius SE & Co. KGaA

| Event | Rating created | Publication date | Result |
|---|---|---|---|
| Initial rating | 31.08.2018 | 11.09.2018 | BBB / stable |

Table 8: LT LC Senior Unsecured Issues issued by Fresenius Finance Ireland PLC

| Event | Rating created | Publication date | Result |
|---|---|---|---|
| Initial rating | 31.08.2018 | 11.09.2018 | BBB / stable |

Table 9: Short-term issuer ratings of Fresenius SE & Co. KgaA and Fresenius Finance Ireland PLC

| Event | Rating created | Publication date | Result |
|---|---|---|---|
| Initial rating | 26.09.2023 | 29.09.2023 | L3 |

### Regulatory requirements

The rating[7] 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 |

[7] 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.

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 |
| 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.

The rating was carried out by the following analysts:

| Name | Function | Mail-Address |
|---|---|---|
| Christina Sauerwein | Lead-analyst | C.Sauerwein@creditreform-rating.de |
| Artur Kapica | Analyst | A.Kapica@creditreform-rating.de |

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

| Name | Function | Mail-Address |
|---|---|---|
| Stephan Giebler | PAC | S.Giebler@creditrefrom-rating.de |

On 29 August 2024, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 30 August 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 guarantees 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 provided for this rating.

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

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