23 October 2023 – Neuss, Germany

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Rating Action / Update:

Creditreform Rating has confirmed the unsolicited corporate issuer rating of Elia Group SA/NV at A. The outlook has been changed to negative.

Creditreform Rating (CRA) has confirmed the unsolicited, public corporate issuer rating of Elia Group SA/NV – hereinafter referred to as the Group, the Company or Elia – at A. The outlook has been changed from stable to negative. The unsolicited corporate issue rating of long-term local currency senior unsecured notes issued by Elia Group SA/NV has been also confirmed at A-, whereas the outlook has also been changed from stable to negative. The initial unsolicited short-term rating was set to L2 (high level of liquidity).

Elia Group SA/NV is a prominent electricity transmission company that operates primarily in Belgium through Elia Transmission Belgium SA/NV, and in the north and east of Germany through 50Hertz Transmission GmbH. As a transmission system operator, Elia Group owns and manages around 19,349 km of high-voltage connections. Its core function is to transmit of electricity from power generators to distribution system operators and industrial consumers. In 2022, Elia Group generated over 97% of its total EBITDA from fully regulated activities in Belgium and Germany, with less than 3% coming from non-regulated activities and the Nemo Link interconnector (a subsea and underground power cable between the UK and Belgium).

Current relevant factors for the rating

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

+ Legal monopoly in Belgium (owner and operator of the transmission network); regional monopoly position in Germany (one of four regional transmission grids in Germany)

+ Supportive regulatory framework in Belgium and in Germany due to the economic importance of the Company

+ Approval of the tariff mechanism in Belgium for the next four years

+ Expected adjustments in regulatory framework reflecting increased interest rates and overall costs in Germany

+ Predictable cash flows generated from regulated activities

+ Capital increase of EUR 590 million in 2022

+ Improved in business performance in 2022 and in the first six months of 2023

+ Good access to capital markets

+ Evolution in the offshore wind market: foundation of WindGrid SA/NV and construction of the artificial Princess Elisabeth Island

- Decreasing operating profit margin

- Significant growth in investment levels: the CAPEX programme of EUR 15.9 billion over the period 2023 - 2027 (up 65.6% compared to the previous plan)

- High leverage and net total debt / EBITDA adj. ratio
- Expected deterioration of key financials in the course of ambitious investment plan and the need to increase debt to finance this, combined with pressure on operating costs following the growth and modernization of assets
- Ongoing global economic uncertainty and generally increasing (geo-)political risks

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 could lead 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 Elia Group SA/NV we have not identified any ESG factors with significant influence.

ESG factors are becoming increasingly important for companies in a growing number of industries, and Elia Group SA/NV, as a Transmission System Operator (TSO) in the energy sector, is no exception. As an electricity company comprising two network operators, sustainability is inherent in the nature of Elia Group's activities. By integrating renewable energy sources into the system and expanding its network, Elia contributes to advancing the decarbonization and electrification of society as a whole, enabling Europe to achieve its Green Deal targets. The Company has set clear goals in alignment with the Science-Based Target Initiative (SBTi) and collaborates with local partners on numerous projects to limit the environmental impact of its infrastructure. Elia is committed to making its own activities carbon neutral by 2030 and operating a carbon neutral power grid by 2040, as well as assessing and reducing the CO_2 footprint of its supply chain. The Elia Group's efforts to reduce its carbon footprint, implement energy-efficient technologies, and promote responsible energy consumption demonstrate a strong commitment to environmental sustainability. These initiatives are in line with global goals to combat climate change.

In recent years, the Group has witnessed several political, market, and technological developments that have positioned offshore wind energy as a key cornerstone for rapid decarbonization and electrification. In light of these circumstances, the Elia Group established WindGrid SA/NV to deliver offshore activities beyond the borders of Belgium and Germany, complementing the offshore development efforts of ETB and 50Hertz in their respective home markets and creating additional value through the exploitation of synergies. Furthermore, the Elia Group is currently working on the world's first energy island, the artificial Princess Elisabeth Island, located 45 km off the Belgian coast. This Belgian energy island will be the world's first artificial offshore electricity hub, connecting to new offshore wind farms and HVDC[1] interconnection lines with other countries, including Nautilus (UK) and TritonLink (Denmark). The construction period is expected to span two years, from March 2024 to August 2026. This project follows the construction and commissioning of the world's first hybrid interconnection in 2020: the Combined Grid Solution in the Baltic Sea. Both projects will be crucial for realizing the offshore wind energy potential in Belgium and Germany.

In terms of social responsibility, Elia focuses on the well-being, safety, and development of its employees. Furthermore, the Group actively collaborates with stakeholders, including local

[1] Abbreviation of 'high-voltage direct current', which is a type of current that allows power transmission across long distances and between AC transmission systems whose frequencies are not matched.

communities, regulatory authorities and employees, to promote positive relationships and social cohesion.

Strong governance practices, including transparent decision-making and ethical leadership, are of fundamental importance to the Elia Group. These factors build trust with investors, customers and the public. A robust regulatory compliance and risk management system ensures that the Company's activities are conducted responsibly and within the law.

ESG factors serve not only as a guide for responsible business conduct for Elia, but also as a source of competitive advantage and resilience. By prioritizing ESG considerations, the Elia Group can attract socially conscious investors, ensure regulatory compliance, reduce operational risks, and strengthen its reputation as a responsible corporate citizen. Overall, we see Elia as solidly positioned in terms of ESG criteria, which has a stabilizing effect on the rating given the growing focus on sustainability in the market.

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 rating attests a high level of creditworthiness to Elia Group SA/NV, representing a low default risk for the Group.

We consider the Group to have a low business risk profile due to the supportive regulatory regimes in both Belgium and Germany, further enhanced through its monopoly status in Belgium and the regions where it is active in Germany. The Group records stable revenues, sufficient margins, and has an adequate capital structure. Additionally, the Group's close ties to the Belgian government - and to a lesser extent the German government - also have a positive influence on our rating assessment, and are the result of a high degree of systemic importance and ownership in both Elia Group and 50Hertz Transmission (Eurogrid GmbH) by Publi-T (Belgian) and KfW (German), respectively.

Outlook

The annual outlook for the rating is negative. The adjustment of the outlook is mainly driven by the updated investment plan for 2023-2027, which foresees a further significant increase in CAPEX from EUR 9.6 billion to EUR 15.9 billion. The acceleration of investments will lead to an increase in debt in the coming years (as already visible in the interim financial reports for the first half of 2023), which may put pressure on the Company's cash flow and subsequently have a negative impact on its profitability. We continue to assume that the regulatory stability and support needed to finance these investments will remain in place, although we expect a negative change in leverage and a deterioration in financial ratios.

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 corporate issuer rating of A. We believe that a rating upgrade within the time horizon of one year remains unlikely based on the Group's ambitious investment plan. We expect Elia Group's financial profile to deteriorate slightly in the short term, but the overall result of the financial ratio analysis will remain stable.

Worst-case scenario: A-

In our worst-case scenario for one year, we assume a corporate issuer rating of A-. It is assumed that the planned investments will be financed by further indebtedness, which has an adverse effect on the Company's financials, and causes a significant deterioration in Elia Group's financial key figures, which is noticeable in the short term. Another substantial upward adjustment in the investment plan could also have a detrimental effect on the Group's rating.

Business development and outlook

Table 1: Financials of Elia Group SA/NV I Source: Financial Report 2022, standardized by CRA

Elia Group SA/NV Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS, Group)	CRA standardized figures[2]	
	2021	**2022**
Revenue (million EUR)	2,551	3,616
EBITDA (million EUR)	959	1,074
EBIT (million EUR)	491	560
EAT (million EUR)	328	408
EAT after transfer (million EUR)	276	342
Total assets (million EUR)	16,616	19,082
Equity ratio (%)	22.7	24.5
Capital lock-up period (days)	129.5	129.1
Short-term capital lock-up (%)	117.4	120.0
Net total debt / EBITDA adj. (factor)	10.1	9.4
Ratio of interest expenses to total debt (%)	0.9	0.8
Return on Investment (%)	2.6	2.4

The global economic environment in 2022 was marked by heightened geopolitical tensions due to the outbreak of war in Ukraine and the subsequent economic sanctions against Russia, which were reflected in high and volatile commodity and energy prices and which led to rising inflation and interest rates. Given the nature and geographical location of its business activities, and the fact that the Elia Group does not currently operate in Russia or Ukraine and has no business relationships with Russian companies, the Group has not observed any direct operational im-

[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.

pact as a result of the ongoing conflict in Ukraine. It should be noted, however, that at the European level there have been increased efforts to reduce dependence on Russian natural gas and fossil fuels. In this context, the authorities in Belgium and Germany have clearly signaled their willingness to accelerate the transition to renewable energies and to promote the energy transition. This has led to an expansion of the Group's investment programme in the medium term.

Despite these challenging market conditions, Elia was able to report a positive business performance in the year under review. In the financial year 2022, revenue amounted to EUR 3,616 million, representing an increase of 41.7% compared to the previous year. Both in Belgium (EUR +411 million) and in Germany (EUR +653 million), revenues recorded strong positive growth, which was slightly offset by lower revenue from Elia Grid International (EUR -4 million). Nevertheless, the gross profit margin decreased from 43.4% in the previous year to 30.4%. Significant factors for this were a 100.7% year-on-year increase in costs (EUR +273 million in Belgium and EUR +803 million in Germany) to cover electricity losses and increased activations to balance the grid against the backdrop of high energy prices. EBIT increased by 14.1%, amounting to EUR 560 million, due to higher EBIT in Belgium (EUR +35 million) as well as in Germany (EUR +41 million). In Belgium, this increase is attributed to higher regulated net profit, since rising depreciation related to the growing asset base and higher financial costs were all passed through into revenue. The operational improvement in Germany primarily resulted from higher investment remuneration, lower operating expenses, and one-off regulatory settlements. The Group's adjusted net profit reached EUR 408 million, an increase of 24.3% compared to the previous year. The net profit attributable to Elia Group shareholders increased by 23.8% to EUR 342 million. This increase was driven by the realization of investments in Belgium and Germany, a higher remuneration in Belgium following the capital increase, and an important contribution from Nemo Link. Furthermore, an improved financial result in Germany contributed to this growth, stemming from the discounting of long-term provisions.

The Group's investments in 2022 increased by 25.0% year-on-year to EUR 1,535 million, focusing on the development of its onshore and offshore power transmission infrastructure as well as the sustainable improvement of its operations and digitalization efforts. As of 31 December 2022, net financial debt decreased by EUR 455 million to EUR 4,432 million. The reduction in debt is primarily attributed to the cash proceeds from the capital increase carried out at the end of June 2022, which amounted to EUR 590 million. This improvement is not expected to be sustained in the years ahead, as there will be upward pressure on the Company’s financial needs.

At the end of 2022, the key financial indicators showed a slight improvement, although the overall result of the financial indicators analysis remained unchanged compared to the previous year. The CRA's adjusted equity increased by EUR 915 million to EUR 4,681 million. This increase was mainly due to the net proceeds of the rights issue (EUR 583 million) and the profit attributable to the owners of the Company (EUR 361 million), which overcompensated the 2021 dividend payment (EUR -120 million). As a result, the CRA's equity ratio improved from 22.7% to 24.5% and the gearing decreased from 2.6 to 2.2.

In September 2022, Eurogrid GmbH issued its second green bond, totaling EUR 750 million at a fixed interest rate of 3.28%, thereby securing part of the liquidity for its upcoming onshore and offshore projects to support the integration of renewable energies. Consequently, the Elia Group's average cost of debt increased slightly to 1.7% (+3 bps).

In view of the accelerated implementation of the investment plans and the current inflationary environment, the Elia Group has increased the CAPEX programme for 2023 - 2027 to a total of

EUR 15.9 billion. This represents an increase of 65.6% compared to the previous plan. It is expected that total investments in the next five years will amount to approximately EUR 7.2 billion for Belgium and EUR 8.7 billion for Germany. The increase in capital expenditure will put pressure on Elia's cash flow, and we expect an increase in the Group's borrowings, which could lead to a deterioration in the debt ratio and other financial ratios. Moreover, the Group's ability to reduce debt without a significant increase in revenue will be limited, as reflected in the net total debt/EBITDA adj. ratio of 9.4 (2021: 10.1).

In the first half of 2023, the Group delivered robust business performance (see Table 2). The Group's solid operating performance in Belgium was driven by a growing asset base, contributing to higher fair remuneration and strong performance incentives. The positive profit development in Germany was mainly due to higher investment remuneration from asset growth and a reduction in operating costs, although this was partially offset by a decline in financial results.

Table 2: The development of business of Elia Group SA/NV I Source: 2023 Half-Year Financial Report

Elia Group SA/NV				
In million EUR	**H1 2022**	**H1 2023**	**Δ**	**Δ %**
Revenue	1,619	2,096	477	29.5
EBITDA	519	591	72	13.9
EBIT	272	321	49	18.0
EAT	187	200	13	7.0
EAT after transfer	157	163	6	3.8
In million EUR	**2022**	**2023**	**Δ**	**Δ %**
Total assets	20,594	20,996	402	2.0
Equity attributable to owners of the company	5,320	5,189	-131	-2.5
Net financial debt	4,432	5,376	944	21.3

In the first half of 2023, the Elia Group completed a tender offer for its outstanding EUR 700 million hybrid bond, resulting in cash proceeds of EUR 499 million. Concurrently, Elia Group issued a new EUR 500 million hybrid bond with a maturity date of 15 June 2028 and a fixed coupon of 5.85% (compared to 2.75% for the existing hybrid security).

As of 30 June 2023, the Group's total loans and borrowing liabilities increased by EUR 1,230 million to EUR 9,813 million (31.12.2022: EUR 8,583 million). In accordance with its sustainable financial objectives, ETB issued its first green bond of EUR 500 million in January 2023. In March 2023, Eurogrid entered into a EUR 600 million ten-year syndicated green loan with seven banks, of which EUR 120 million had been drawn by the end of June 2023. In April 2023, Eurogrid issued a EUR 650 million bond under the DIP programme. In addition, the Elia Group has two bilateral revolving credit facilities totaling EUR 120 million, and EUR 35 million of Commercial Paper, which were undrawn at 30 June 2023. As a result, Elia Group's average cost of debt increased to 1.9% (+20 bsp).

The Group's overall liquidity position remains strong, but has been severely impacted by 50Hertz's EEG account and similar mechanisms. As of 30 June 2023, Elia had cash and cash equivalents of EUR 4,437 million (31.12.2022: EUR 4,151 million).

The Group operates in a regulatory environment and is increasingly exposed to changes in the regulatory framework. The new four-year regulatory framework in Belgium begins in 2024. The new tariff methodology for 2024-2027 was already officially approved by CREG[3] in June 2022 and is similar to the current methodology. The regulatory framework remains a cost-plus model, covering all reasonable costs and remuneration. The average regulatory return on equity for the period is expected to be around 5.7%, compared with an average return on equity of around 6% for the current regulatory period. The new five-year regulatory framework in Germany will also start in 2024. The current regulatory mechanism in Germany is defined by the ARegV[4]. According to the ARegV, grid tariffs are defined to generate a pre-determined "revenue cap" set by the Federal Network Agency for each TSO and for each regulatory period. In 2021, the BNetzA[5] determined the return on equity applicable to the fourth and upcoming regulatory period (2024-2028). The values have significantly decreased compared to the third regulatory period, with returns set at 3.51% (as opposed to 5.12% in the third period) for investments made before 2006, and 5.07% (instead of 6.91% in the third period) for investments made since 2006. However, given the considerable change in the interest rate environment since October 2021, the ROE has been revised and is expected to increase from 5.07% to 7.09% in 2024. Other parameters, such as the individual efficiency factor, which is subject to a national TSO benchmark, and the general sector productivity factor, are yet to be determined. Irrespective of the revenue cap, 50Hertz receives compensation for costs related to its renewable energy obligations, including EEG[6] and CHP/KWKG[7] obligations, offshore liabilities, and its obligations stemming from the electricity price brake. Various surcharges (levies) have been introduced for this purpose, subject to specific regulatory mechanisms aimed at achieving a balanced treatment of costs and revenues. Against this background, we believe that the Belgian and German regulatory frameworks for the coming regulatory period provide Elia Group with a suitable environment that is conducive to the Group's growth, efficiency and sustainable operations, and in which the Company will be able to continue to generate solid revenues with adequate margins, as well as stable and relatively predictable cash flows.

Despite the favorable business model and supportive regulatory framework, we consider Elia Group's financial risk to be low to moderate due to its high level of indebtedness and limited capacity for debt reduction. However, the Company's adjusted investment programme is substantial, and we assume that some of the planned investments will be financed by additional borrowing. We expect the acceleration of capital expenditure to put pressure on cash flow, potentially leading to a further increase in the net debt to EBITDA ratio, and weakening credit metrics. Given these circumstances, the rating outlook has been revised from stable to negative.

Further ratings

Based on the long-term issuer rating, and taking into account our liquidity analysis, the short-term rating of Elia Group SA/NV was initially set at L2 (standard mapping), corresponding to a high level of liquidity assessment for one year.

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[3] Belgian Federal Commission for Electricity and Gas Regulation (Commissie voor de Regulering van de Elektriciteit en het Gas/Commission de Régulation de l'Électricité et du Gaz)

[4] Ordinance on Incentive Regulation (Verordnung über die Anreizregulierung der Energieversorgungsnetze)

[5] Federal Network Agency (Bundesnetzagentur)

[6] German Renewable Energy Sources Act

[7] Combined Heat and Power Act

The rating objects of the issue rating are exclusively long-term senior unsecured issues, denominated in euro, issued by Elia Group SA/NV, which are included in the list of ECB-eligible marketable assets.

The notes issued by Elia Group SA/NV have a structural subordinated status to all indebtedness of its subsidiaries. The issuer's subsidiaries have no obligation to pay any of the obligations arising from this programme. The rating result for these notes is therefore set at one notch below the corporate issuer rating of the Elia Group. The rating result for these notes is set at A- with negative outlook.

At the time of this rating update, the following in EUR denominated note of Elia Group have been assessed:

Table 3: Overview of Elia Group's bonds rated by CRA

ISIN	EUR Volume	Maturity	Interest Rate
BE0002596741	300,000,000	05.09.2028	1,50%

The outstanding bond creates uncollateralized und non-subordinate (pari passu) liabilities of the issuer that have parity with each other and all other uncollateralized and non-subordinate liabilities of the issuer, unless otherwise specified. The existing euro-denominated bond of Elia Group SA/NV has a total volume of EUR 300 million. The prospectus dates from 30 August 2018.

All future LT LC Senior unsecured notes issued by Elia Group SA/NV, denominated in euro and issued with similar terms and conditions to the relevant bond in this report, and which are included in the list of ECB-eligible marketable assets, will, until further notice, receive the same rating as the current LT LC senior unsecured notes included in this report. Notes issued in a currency other than euro, or other types of debt instruments (i.e. undated deeply subordinated fixed rate resettable notes or social bonds), have not been rated by Creditreform Rating AG so far. The current ratings, and information about the issuer and / or its issues, can be found on the website of Creditreform Rating AG.

Overview

Table 4: Overview of CRA Ratings I Source: CRA

Rating Category	Details	
	Date of rating committee	Rating
Elia Group SA/NV	23.10.2023	A / negative / L2
Long-term Local Currency (LC) Senior Unsecured Issues issued by Elia Group SA/NV	23.10.2023	A- / negative
Other	--	n.r.

Appendix

Rating history

The rating history is available under https://www.creditreform-rating.de/en/ratings/published-ratings.html.

Table 5: Corporate Issuer Rating of Elia Group SA/NV

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	07.10.2016	14.10.2016	17.10.2017	A / stable

Table 6: LT LC Senior Unsecured Issues issued by Elia Group SA/NV

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	08.08.2018	16.08.2018	05.02.2020	A / stable

Table 7: Short-term issuer ratings of Elia Group SA/NV

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	23.10.2023	www.creditreform-rating.de	Withdrawal of the rating	L2

Regulatory requirements

The rating[8] 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 submitted 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.

[8] 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.

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	1.0	October 2016
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
Natallia Berthold	Lead-analyst	N.Berthold@creditreform-rating.de
Sabrina Mascher de Lima	Analyst	S.Mascher@creditreform-rating.de

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

Name	Function	Mail-Address
Tobias Stroetges	PAC	T.Stroetges@creditreform-rating.de

On 23 October 2023, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the Company on 24 October 2023. 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.

Conflicts 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: https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html#non-core-business-activities .

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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