

29 March 2023 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has affirmed the unsolicited corporate issuer rating of Company Red Eléctrica Corporación, S.A. at **A- / stable**

Creditreform Rating (CRA) has affirmed the unsolicited corporate issuer ratings of Red Eléctrica Corporación, S.A. (hereinafter referred to as 'Redeia' or the Company), Red Eléctrica de España, S.A.U., and Red Eléctrica Financiaciones, S.A.U., as well as the unsolicited corporate issue rating of the long-term local currency senior unsecured notes issued by Red Eléctrica Financiaciones, S.A.U. at **A- / stable**. In addition, CRA has affirmed the unsolicited corporate issue rating of the long-term local currency senior unsecured EUR 400 million note 2020 / 2025 issued by Red Eléctrica Corporación, S.A. at **BBB+ / stable**, displaying a structural subordination against the notes issued by Red Eléctrica Financiaciones, S.A.U. We also refer to the rating update of 12.07.2022 and the rating report of 23 March 2021, which contains further relevant information with respect to the structural, business and financial risk of the Company.

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Current relevant factors for the rating

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

- Significant systemic relevance with a monopoly position in Spain (CRA unsolicited sovereign rating of the Kingdom of Spain confirmed with **A- / stable** as of 15 July 2022)
- High share of relatively stable and predictable cash flows from regulated activities
- Inflationary robust business model
- Strengthened financial structure due to additional cash proceeds and showing overall solid key financials
- Operating results and cash flow slightly below 2021 level due to increased operating expense related to special items affecting largely regulated business in Spain
- Increased investments related to accelerated energy transition in Spain, reinforcing strategic importance but also increases financial requirements
- On medium-term domestic regulatory results temporary affected by adverse regulatory tariff adjustments coupled with higher investments limiting rating assessment
- Growth prospects also in regulated business abroad and non-regulated business
- The Company plans to issue hybrid capital and to involve strategic partners in order to maintain its financial targets
- Some financial relief due to regulatory approval of remuneration for construction progress
- Persistent uncertainty against the background of glooming financial and economic conditions driven by inflationary environment and geopolitical tensions

ESG factors are factors related to environment, social issues and, governance. For more information, please see the "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 considers ESG factors (environment, social and governance) within its rating decisions. In the case of Red Eléctrica Corporación, S.A., we have not identified any ESG factors with significant influence.

In October 2022, the Company approved its Sustainability Plan for 2023-2025, in which investments of EUR 4.8 billion are planned in order to drive digitalization and sustainability. Of these investments, 75% will be used to accelerate the energy transition in Spain, focusing among others on a greater number of connected and efficient grids in order to facilitate mass integration of new renewable energy generation into the electric system. In line with the 2021-2030 Integrated National Energy and Climate-Plan, Redeia has committed to drive the energy transition, and thus a decarbonized energy system, achieving a Scope 1 and 2 emissions reduction of 55% compared to 2019 by using at least 74% renewable energy in 2030. Scope 3 emissions shall be reduced by 28% compared to 2019. Suppliers responsible for 2/3 of supply chain emissions must have science-based targets in place within five years; moreover, the Company's targets have been validated by the Science Based Targets initiative since 2022. To finance its sustainability strategy and decarbonization commitments, the Company also plans to use green financing. To this end, the Company launched its own green finance framework aligned with ICMA Green Bond Principles and LMA Green Loan Principles 2021. Sustainability in relation to the energy transition could be a significant growth driver, also abroad, for the Company's performance in the long run. In accordance with the European Union's Taxonomy Regulation, nearly 80% of its revenues generated in 2022 were considered as taxonomy-eligible and taxonomy-aligned.

To achieve its ambitious goals, the Company also relies on innovation. One of its latest patents, which makes use of reverse pumping, will be used in connection with the Salto de Chira project in Gran Canaria. The hydropower plant project will enable the Company to increase the penetration of renewable energy to an annual coverage of 51% of demand on Gran Canaria in 2026, reducing 20% of CO₂ emissions.

The Company also takes satisfactory measures in terms of governance factors and social commitments. As of 31 December 2022, the share of female executives was 35.3% (31.12.2021: 34.1%), and Redeia aims to raise the share to 50% by 2030, as well as increase the number of female employees in technical positions, which are predominantly male-dominated.

In general, we consider the Company as very well-positioned in terms of ESG, among other things due to its high diversity ratio in management, low CO₂ emissions in relation to our peer group comparison, as well as further commitments in line with the Sustainable Development Goals. We do not, therefore, see any regulatory risks related 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

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.

The current rating attests Red Eléctrica Corporación, S.A. a high level of creditworthiness, representing a low default risk. Redeia is of strategic importance for Spain, with a strong market position, and has a profile of essentially low financial risks, benefiting from an established regulatory framework in Spain. The majority of the Company's EBITDA is based on domestic regulated activities, which provide reliable and predictable cash flows. Due to the Company's high degree of systemic relevance, we believe that there is a connection between the sovereign rating of Spain (CRA: **A- / stable** as of 15 July 2022) and the corporate issuer rating of Redeia. Additionally, given its comfortable liquidity position, proven access to financial markets and the solid operating performance of Redeia in 2022, we affirm an unsolicited corporate issuer rating of **A-**.

Outlook

The one-year outlook of the rating is **stable**. Based on Redeia's stable regulatory framework and prudent financial policy we expect a solid performance, despite ongoing challenging market conditions and higher investment requirements. Nevertheless, we point out that the currently high level of uncertainty with regard to the high inflationary environment, could lead to increasing investment costs, which in turn might cause a deterioration in the Group's financial key figures.

Best-case scenario: **A-**

In our best-case scenario for one year, we assume a relatively stable operating performance. Due to the expected increased investments in connection with the current regulatory framework we consider an upgrade within the time horizon of one year as unlikely.

Worst-case scenario: **BBB+**

In our worst-case scenario for one year, we assume a rating of **BBB+**. In this scenario, we assume a weakened operational performance as well as significant higher debt. Additionally, we assume a significant increase in investment costs due to a high inflationary environment, which in turn will lead to worsened financial ratios, with no prospect of a short-term recovery.

Business development and outlook

Despite challenging market conditions, the Company was able to record relatively stable and solid business development in 2022.

Table 1: Financials of Red Eléctrica Corporación, S.A. | Source: Red Eléctrica Corporación, S.A. and Subsidiaries Auditor's Report 2022, standardized by CRA

Red Eléctrica Corporación, S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group)	CRA standardized figures ¹	
	2021	2022
Sales (million EUR)	1,953	2,015
EBITDA (million EUR)	1,485	1,456
EBIT (million EUR)	963	911
EAT (million EUR)	686	681
EAT after transfer (million EUR)	681	665
Total assets (million EUR)	13,670	14,322
Equity ratio (%)	32.88	39.09
Capital lock-up period (days)	137.38	164.39
Short-term capital lock-up (%)	107.91	91.92
Net total debt / EBITDA adj. (factor)	5.12	5.44
Ratio of interest expenses to total debt (%)	1.26	1.34
Return on Investment (%)	5.93	5.45

Revenues, which amounted to EUR 2,015 million (2021: EUR 1,953 million), increased by 4.2% compared to 2021, driven by the Company's international and non-regulated business, while its national regulated business recorded a decrease of EUR 11 Million, due to remuneration adjustments for transmission activity in 2016-2019, amounting to EUR 35 million, in accordance with the published Order TED/1311/2022 and TED/1343/2022 from the Ministry for the Ecological Transition and Demographic Challenge. A positive regulatory change is the published Order TED1243/2022, approving the recognition of a remuneration for work in progress related to the investments made for the construction of the Chira-Soria hydroelectric power plant in Gran Canaria, similar to the active regulated assets of Redeia.

Despite a significant increase in operating expenses of 29.9% to EUR 715 million (2021: EUR 550 million) analytical EBITDA only decreased slightly to EUR 1,456 million (2021: EUR 1,485 million). The increase in operating expenses was mainly caused by special items, which are mainly related to an early retirement program, consolidation effects and additional construction costs. Higher operating expenses are however, in part offset by higher other income and own work capitalized. The regulated business in Spain was affected most by the increased operating expenses, showing a decrease in results of 5.4%, while the other operating segments recorded growth in EBITDA compared to 2021. Net income remained stable despite a slightly lower EBIT due to improved net financial income, as well as higher received minority interests.

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.

As result of weaker operating performance compared to 2021, Redeia also recorded a slight decline in cash flows from operating activities, totaling EUR 1,567 million (2020: EUR 1,605 million). The cash flow from operating activities was not sufficient to cover the threefold increase in cash outflow from investing activities and debt repayment. However, we want to point out, that cash outflow flow from investing activities also included money market investments (deposits and repos) with a term of less than 1 year amounting to EUR 715 million. The reported free cash flow to Equity amounted to 1,621 million, up 55.2% compared to 2021, benefiting from a cash inflow of EUR 996 million through the sale of the minority 49% stake of Reintel to Kohlberg Kravis Roberts & Co. L.P.

As a consequence of the money market investments cash and cash equivalents fell from EUR 1,574 million in 2021 to EUR 795 million. We consider Redeia's liquidity as more than sufficient. As of the end of 2022, liquidity stood at EUR 3,305 million, including cash and short-term money market investments, as well as undrawn committed credit lines, covering short term financial debt by 1.93 times.

Despite a gross debt reduction of EUR 502 million, down 7.3%, CRA's financial figure Net total debt to EBITDA adj. increased slightly, from 5.12x to 5.44x, as a result of lower cash and cash-equivalents. However, the Company strengthened its financial structure, as result of the debt reduction and an increase in other reserves of EUR 921 million due to the of the sale of the minority stake of Reintel. As consequence, CRA's adjusted equity ratio improved from 32.9% in 2021 to 39.1%.

Investments in 2022 increased significantly, by 79.2% compared to 2021, amounting to EUR 1,032.3 million (2021: EUR 575.8 million), driven by domestic regulated business due to the acceleration of the energy transition in line with the Spanish national Transmission Network Development Plan. This has gained in importance with regard to the decarbonization objectives proposed by the National Integrated Energy and Climate Plan (Plan Nacional Integrado de Energía y Clima), and excessive energy prices exacerbated by the Russia-Ukraine conflict. Over 50% was invested in domestic infrastructure, and over 20% in international infrastructure, which included five new concessions in Brazil and 20% in the satellite business, in particular attributable to the acquisition of Axxess networks.²

The Group continues to be predominantly active in a regulatory environment, with 82.0% (2021: 85.2%) of its EBITDA stemming from regulated activities. The decline in Spanish regulatory activities was predominantly offset by EBITDA from the Group's other segments in non-domestic and non-regulated markets. The non-regulated activities are significantly more volatile than the regulated activities and less transparent. Notwithstanding, we consider the portfolio to be well-balanced and, according to the Company's strategic plan the focus remains on its regulated business in Spain.

During the 2022 business year, the Group updated its strategic plan 2021 – 2025. The planned capex for the aforementioned period now amounts to EUR 4.8 billion (Initially EUR 4.4 billion), of which EUR 3.7 billion (initially EUR 3.35 billion) will be allocated to the domestic regulated business. In 2023, TSO investments in Spain will amount to more than 700 million (2022: EUR 532 million), up 31.6%.

² On August 2022, In line with Redeia's strategy to spread out its value chain in satellite business as a satellite solutions and service provider, Hispasat acquired 100% of Axxess Networks Solutions Holding, which offers satellite solutions in Latin America to improve connectivity, its equity valued at USD 96 million.

For the business year the Group forecasts an EBITDA and EAT in line with 2022. From 2024 onwards, the contribution of additional service will rise, however, the regulated remuneration will be impacted due to the end of pre-98 assets use life income. Against the background of rising investment requirements, we believe that leverage might increase. As a result we believe that the Group's financial key ratios might deteriorate over the coming years. Redeia expects its net debt / EBITDA adj. to increase to approximately 3.8x in 2023 (2022: 3.1x). In order to prevent a significant deterioration in its financial profile the Company will use further credit-protective measures, such as launching hybrid capital or involving further strategic partners, and reduce dividend payments until stronger profits can be generated in the course of investments and more stabilized market conditions. For the years 2024 and 2025, Redeia plans to reduce its dividend from EUR 1 to a maximum of EUR 0.8 per share due to expected lower EBITDA resulting from the end of remuneration useful life of pre-98 assets.

The increasing interest rates could dampen profitability, as the Company is reliant on external funds. Despite the current market tension over several financial institutions in the US and in Europe, we still expect the ECB to raise its policy rates by an overall 50bp by the end of the year. We believe that rate cuts are unlikely to occur before 2024.³ With regard to inflationary costs, the Company has succeeded in limiting inflationary effects by taking measures to increase efficiency, and energy prices have dropped markedly over recent months. However, the inflationary environment could have a detrimental effect on the Group's financial key figures as the costs of its forecasted investments might increase disproportionately to its operational cash-flow.

Overall, given the stable performance in recent years we believe that Redeia is well positioned to execute its new strategic plan, reinforcing its strategic relevance. The Group disposes over a strong capital market access and has a sound liquidity position. However, we believe that a deterioration of the Group's financial profile will be likely as the increased investment pressure might lead to higher cash outflows. Redeia will try to counter the increased cash-outflows by enforcing credit protective measures, which will give the Group more financial headroom. In addition, we expect some financial relief due to regulatory approval of the remuneration for construction progress.

Issue rating

Further issuer ratings

In addition to the rating of Red Eléctrica Corporación, S.A., its operating subsidiary Red Eléctrica de España, S.A.U. as one of the guarantors of the Group's EMTN programme, as well as the as the parent companies' financing subsidiary Red Eléctrica Financiaciones, S.A.U., and its issues (see below), have been rated.

Besides Red Eléctrica Corporación, S.A., Red Eléctrica de España, S.A.U. is also an unconditionally and irrevocably guarantor of the EMTN programme, as Red Eléctrica de España, S.A.U. is the sole transmission agent and system operator for the Spanish electricity system on an ownership unbundling basis. Thus, the domestic regulated business is integrated in providing financial resources.

³ For more details see CRA's Credit Reform Economic Briefs of March 2023: „Not there yet – monetary policy tightening approaching peak, published under www.creditreform-rating.de

Due to the corporate, strategic, liability, financial, economic and performance-related interdependencies of the aforementioned subsidiaries, all of which are direct 100% subsidiaries of Red Eléctrica Corporación, S.A., and which have been consolidated into the Group annual accounts, the ratings of the rating objects are constrained by the rating of the unsolicited Red Eléctrica Corporación, S.A., and we derive the unsolicited issuer ratings of the subsidiaries from the unsolicited issuer rating of Red Eléctrica Corporación, S.A., setting it equal to its rating of **A- / stable**.

Issue rating details of the notes issued by Red Eléctrica Financiaciones, S.A.U.

The rating objects of this unsolicited issue rating are exclusively the long-term senior unsecured issues, denominated in euro, issued by Red Eléctrica Financiaciones, S.A.U., and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued within the framework of the Euro Medium Term Note (EMTN) programme, of which the latest base prospectus dates from 13 June 2022. This EMTN programme amounts up to EUR 5 billion. The notes under the EMTN programme are senior unsecured, and rank at least pari passu among themselves and with all other present and future unsecured obligations of the issuer. Additionally, the notes benefit from a negative pledge provision and a cross default mechanism.

We have provided the notes issued by Red Eléctrica Financiaciones, S.A.U. with a rating of **A- / stable**. The rating is based on the corporate rating of Red Eléctrica Financiaciones, S.A.U. Other types of debt instruments or issues denominated in other currencies of the issuer have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Issue rating details of the EUR 400 million note issued by Red Eléctrica Corporación, S.A.

The rating object of this issue rating is exclusively the EUR 400 million long-term senior unsecured issue⁴ 2020 / 2025, issued by Red Eléctrica Corporación, S.A., and which is included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The note has been issued within the framework of the Prospectus of 6 April 2020 and is senior unsecured, and rank at least pari passu with all other present and future unsecured obligations of the issuer. Additionally, the note benefit from a negative pledge provision and a cross default mechanism.

The rating result for the EUR 400 million note of Red Eléctrica Corporación, S.A. is set one notch below the corporate issuer rating of Red Eléctrica Corporación, S.A., placing the note at **BBB+** with **stable** outlook. The rating is derived from the unsolicited corporate issuer rating of Red Eléctrica Corporación, S.A. and is one notch below the rating, considering a structural subordination of the note issued by Red Eléctrica Corporación, S.A. This results from the fact that the operating subsidiary Red Eléctrica de España, S.A.U., which generates the main share of the

⁴ ISIN: XS2154441120

Group's EBITDA with around 80% and which holds the main share of the Group's assets, is guarantor of the EUR 5 billion EMTN programme as above described, (already placed around EUR 3.6 billion as of 31.12.2022) but not of the EUR 400 million note.

For the issue ratings we have applied our rating methodology for corporate issues. Other types of debt instruments or issues denominated in other currencies of the issuer have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

The following tables provide an overview of the ratings issued by Creditreform Rating AG in this context, as well as the key features of the EMTN programme and the prospectus of the EUR 400 million note.

Overview

Table 2: Overview of CRA Ratings | Source: CRA

Rating Category	Details	
	Date	Rating
Red Eléctrica Corporación, S.A.	29.03.2023	A- / stable
Red Eléctrica de España, S.A.U.	29.03.2023	A- / stable
Red Eléctrica Financiaciones, S.A.U.	29.03.2023	A- / stable
Long-term Local Currency (LC) Senior Unsecured Issues issued by Red Eléctrica Financiaciones, S.A.U.	29.03.2023	A- / stable
Long-term Local Currency (LC) Senior Unsecured Issues issued by Red Eléctrica Corporación, S.A.	29.03.2023	BBB+ / stable
Other	--	n.r.

Table 3: Overview of 2022 Euro Medium Note Programme | Source: Base Prospectus dated 13.06.2022.

Overview of 2022 EMTN Programme			
Volume	EUR 5,000,000,000	Maturity	Depending on respective bond
Issuer / Guarantor	Red Eléctrica Financiaciones, S.A.U. (Issuer) Red Eléctrica Corporación, S.A (Guarantor) Red Eléctrica de España, S.A.U. (Guarantor)	Coupon	Depending on respective bond
Arranger	Deutsche Bank	Currency	Depending on respective bond
Credit enhancement	none	ISIN	Depending on respective bond

Table 4: Overview of 2020 Prospectus of I Source: Prospectus dated 06.04.2020.

Overview of 2020 Prospectus			
Volume	EUR 400,000,000	Maturity	Depending on respective bond
Issuer	Red Eléctrica Corporación, S.A (Issuer)	Coupon	Depending on respective bond
Arranger/Dealers	Banca IMI, BBVA, Banco Santander, Barclays, Citygroup	Currency	Depending on respective bond
Credit enhancement	none	ISIN	Depending on respective bond

All future LT LC senior unsecured notes issued by Red Eléctrica Financiaciones, S.A.U. and that have similar conditions to the current EMTN programme, denominated in euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN programme. Notes issued under the programme 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. For the time being, other emission classes or programmes (such as the Commercial Paper Programme) and issues that do not denominate in euro will not be assessed.

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 Red Eléctrica Corporación, S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial Rating	23.03.2021	29.03.2021	11.07.2022	A- / stable

Table 6: Corporate issuer rating of Red Eléctrica de España, S.A.U. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial Rating	23.03.2021	29.03.2021	11.07.2022	A- / stable

Table 7: Corporate issuer rating of Red Eléctrica Financiaciones, S.A.U | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial Rating	23.03.2021	29.03.2021	11.07.2022	A- / stable

Table 8: LT LC senior unsecured issues by Red Eléctrica Financiaciones, S.A.U. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial Rating	23.03.2021	29.03.2021	11.07.2022	A- / stable

Table 9: LT LC senior unsecured issues by Red Eléctrica Corporación, S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial Rating	12.07.2022	15.07.2022	Withdrawal of the rating	BBB+ / stable

Regulatory requirements

The rating⁵ 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.

⁵ 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 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
Government-related Companies	1.0	April 2017
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
Christina Sauerwein	Lead-analyst	C.Sauerwein@creditreform-rating.de
Holger Becker	Analyst	H.Becker@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 29 March 2023, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 30 March 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](#).

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.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report at this point:

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

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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