# Creditreform SME Issuer Rating

## HOMANN HOLZWERKSTOFFE GmbH

## Summary

Creditreform Rating

| Rating object | Rating information | |
|---|---|---|
| HOMANN HOLZWERKSTOFFE GmbH | SME Issuer Rating: **BB / stable** | Type: Update solicited Public Rating |
| Creditreform ID: 2110102380<br>Established: 1998<br>Headquarter: Munich<br>(Main-)Industry: Production of veneer, plywood, wood fiber and chip board panels<br>Geschäftsführung: Fritz Homann (Managing Partner)<br>Helmut Scheel (CFO)<br>Ernst Kleider (CTO) | Issues: **n.r** | Others: **n.r.** |
| Rating object:<br>Long-term SME Issuer Rating: HOMANN HOLZWERKSTOFFE GmbH | Rating date: 29 October 2021<br>Monitoring until: withdrawal of the rating<br>Rating methodology: CRA „Corporate Ratings“<br>CRA „Rating Criteria and Definitions“<br>Rating history: www.creditreform-rating.de | |

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## Summary

### Company

HOMANN HOLZWERKSTOFFE GmbH, Munich - hereinafter referred to as HHW - is an owner-managed, mid-cap corporate with international operations specializing in the production of HDF/MDF wood fiberboards from 1.5 to 10.0 mm thickness. Customers are especially the furniture, door, coating industry in Germany, Poland and other European countries. Vertically integrated, HHW with its three operational production sites in Germany and Poland offers a quality and customer-oriented range of products and services. In fiscal 2020, which was impacted by the COVID 19 pandemic, the HHW Group realized sales of EUR 262.8 million (previous year: EUR 273.8 million) and net income of EUR 19.1 million (previous year: EUR 22.0 million) with an average of 1,515 employees (previous year: 1,485). For the financial year 2021, the management expects a significant growth in sales and earnings.

### Result

The rating of BB attests to HHW's satisfactory creditworthiness. Despite the slight decline in sales and earnings in 2020, the result of our financial ratio analysis has more or less stabilized at the improved level compared with the previous year. As a result, HHW was able to come close to achieving its own forecast (FC) for fiscal year 2020, adjusted for the pandemic situation, and demonstrated satisfactory profitability and internal financing strength under the challenging conditions of the pandemic. Based on the 2021 reporting during the year, a significant increase in sales and earnings, with solid operating cash flow, is expected for the current fiscal year, with levels significantly higher than pre-crisis in 2019. In addition, a bond maturing in 2022 was refinanced early in the first half of 2021, improving the capital structure and reducing financing risks. Together with the credit lines agreed in 2020 and 2021, which will be used to a large extent for the construction of a new production site near Vilnius (Lithuania), HHW was able to demonstrate its capital market and financing capabilities, which led to the currently very good liquidity situation at Group level. In view of the current high demand for HHW's products and the fact that production capacities are largely utilized, an upgrade by one notch in the rating was appropriate.

In addition to undiminished high (partly non-cash) exchange rate effects, the considerable expansion of capitalization, with a partly expected and further foreseeable increase in absolute debt, is currently having a limiting effect on the rating. In this context, it is worth noting the increase in the investment budget to EUR 162 million plus EUR 16 million in subsidies for the

new plant in Lithuania, which was still stated at EUR 130 million in the previous rating. HHW explains the increase mainly by general cost increases due to higher construction prices and a building extension as well as expansion and technical upgrading of the finishing plant, which should lead to improved efficiency, higher sales and margins in the medium term. Due to investments, a temporary relativization of the recently remarkable earnings situation and important financial ratios of the Group cannot be ruled out in 2022 and/or 2023. In conjunction with (geo)political tensions and the currently worsening pandemic situation in Germany and Europe, the above-mentioned factors, together with downgraded economic forecasts, general construction price, energy and raw material price increases, and globally disrupted supply chains, have a limiting effect on the rating assessment.

### Outlook

The one-year outlook for the rating is stable and reflects our expectation that the HHW Group will significantly exceed its earnings strength of recent years in 2021, that the investment budget will not increase further, and that the implementation of the project in Lithuania will proceed according to plan. Nevertheless, debt will continue to grow, although this effect will be put into perspective by the currently emerging solid earnings and internal financing strength as well as liquidity. Unexpected negative developments, e.g. caused by the major project in Lithuania or by exogenous factors which could result from (sector) economic and pandemic developments, remain unaffected by this stable assessment, as does a stronger decline in the financial ratios.

**Notice**
The relevant rating factors (key drivers) mentioned in this section are predominantly based on internal analyses, evaluations of the rating process, the derived valuations of the analysts participating in the rating and, if applicable, other rating committee members. The fundamental external sources used, are specified in the section "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

**Excerpts from the financial key figures analysis 2020:**

+ General confirmation of the financial ratio analysis level
+ Interest expense to debt
+ Satisfactory profitability and Debt ratios
+ Very good liquidity

- Disproportionate increase in total assets
- Increase in debt in absolute terms
- Asset coverage ratio
- Long-term debt ratio
- Short-term capital lock-up

## Rating relevant Factors

Table 1: Key financial figures I Source: HOMANN HOLZWERKSTOFFE GmbH Annual Report 2020, structured by CRA

| HOMANN HOLZWERKSTOFFE GmbH<br>Selected key figures of the financial key figures analysis<br>Basis: Annual report as of Dec. 31 (HGB, Group) | Structured Key Figures[1] | |
|---|---|---|
| | 2019 | 2020 |
| Sales (million. EUR) | 273.8 | 262.8 |
| EBITDA (million EUR) | 47.6 | 44.2 |
| EBIT (million EUR) | 31.3 | 28.2 |
| EAT (million EUR) | 22.0 | 19.1 |
| Balance Sheet Total (million EUR) | 246.0 | 310.0 |
| Equity Ratio (%) | 18.4 | 18.7 |
| Capital commitment period (days) | 30.8 | 37.3 |
| Short-term capital commitment (%) | 16.2 | 39.2 |
| Net total debt / EBITDA adj. (Factor) | 3.6 | 3.6 |
| Interest expense on borrowings (mod.) (%) | 3.5 | 2.6 |
| Return on assets (%) | 11.5 | 8.4 |
| EBIT Interest Coverage (Factor) | 4.4 | 4.1 |

[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 considers all balance sheet liabilities. Therefore, the key financial figures shown often deviate from the original values of the company.

Creditreform Rating

**General rating factors** summarize the key issues that – according to the analysts as per the date of the rating – have a significant or long-term impact on the rating, whether positive (+) or negative (-).

## General Rating factors

+ Good market establishment in the area of thin, refined boards (up to 3mm)
+ High market and customer orientation as well as product quality
+ Track record in setting up new production sites (expansion)
+ Clear strategic focus

- High absolute debt
- Dependence on the furniture and door industry
- Currency and raw material price risks
- (Geo-)political risks / country risks

**Current rating factors** are the key factors that, in addition to the underlying rating factors, have an impact on the current rating.

## Current Rating fakcors

+ Comparatively good overall stability in crisis year 2020
+ Stable level of overall result of financial ratio analysis in 2020
+ Expectation of improved earnings and internal financing strength in 2021
+ Confirmation of overall result of financial ratio analysis also possible in 2021
+ Improved margins despite higher prices for input materials
+ Early (re-)financing of corporate bond maturing in 2022
+ Evidence of external financing capability and very good liquidity position
+ Interim / preliminary relativization of pandemic risks
+ Reduction in customer concentration or current supplier market
+ Solid order situation / utilization of production capacities

– Increase in absolute debt likely in 2021 and 2022
– Significant increase in investment budget for the new plant in Lithuania
– Foreseeable increase in fixed structural costs and possible temporary reduction in earnings quality due to startup costs for production in Lithuania
– Outstanding project risks
– Lower overall economic recovery in 2021 than initially expected
– Risks from COVID 19 pandemic and disrupted supply chains

**Prospective rating factors** are factors and possible events which – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+) or a weakening or negative effect (-) on future ratings, if they occurred. This is not an exhaustive list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

## Prospective Rating factors

+ Further improvement in the sales and earnings situation and at least verification of the level of the financial ratio analysis with improved debt ratios
+ Trouble-free implementation of a profitable expansion result in the medium term
+ Relativization of exogenous cyclical, pandemic and other risks

– Below plan and deterioration in key financial ratios such as net total debt / EBITDA adj.; deterioration in debt ratios
– Increase in production costs with loss of margin
– Deviations from plan in project implementations and increased start-up losses
– Renewed expansion of the investment budget
– Loss of major customers or important suppliers
– Negative economic and/or raw material price developments; continuing pandemic or realization of other exogenous, e.g. (geo)political risks
– Increase in country or financial market risks (refinancing risks)

**ESG-Factors**

CRA generally includes ESG-relevant factors (environmental, social and governance) when assessing the rating object. In the case of HHW, we did not identify any ESG factor with significant influence.

**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.

Due to its size and capital market orientation, we assume that HHW will be affected by the obligation to report non-financial performance indicators in the coming years in accordance with the CSR Guideline Implementation Act and the German Commercial Code. HHW has also refrained from presenting non-financial performance indicators in its 2020 Annual Report due to their insignificance for the Group, with reference to Section 315 (3) of the German Commercial Code (HGB). The non-financial data and information made available to us by HHW show potential negative rating-relevant data characteristics, particularly with regard to environmental and social aspects. At present, we do not expect this to have a negative impact on the rating, as HHW has launched various measures and projects that deal with ESG in a structured manner. These include the fact that the CO2-intensive coal-fired power plant operated at the Krosno site for electricity generation is to be converted to biomass in the foreseeable future, after which the increased CO2 emissions at this site are to be significantly reduced. Nevertheless, we see a potentially rating-relevant need with regard to HHW to address the issue of sustainability and non-financial reporting more intensively. HHW intends to publish its first sustainability report in the coming year.

In addition to CO2 emissions, energy and water consumption, and the possible use of environmentally harmful chemicals in production, the woodworking furniture industry could also be affected by the need to recycle products in the most environmentally friendly way possible and by risks to the local environment and biodiversity, e.g. due to clearing measures for raw material extraction and the use of harvesting machinery. The regrowable raw material wood could have a positive effect. We currently do not anticipate any EU taxonomy-compliant activities for HHW, and/or we are not aware of any such activities.

A description generally applicable to Creditreform Rating AG as well as a description applicable to corporate ratings on the understanding and assessment of ESG factors within the credit rating process can be found at here.

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: BB+**

In our best-case scenario for one year, we assume a rating of BB+ for HHW based on a further improvement and subsequent stabilization of the net assets, financial position and results of operations as well as our expected result of the financial ratio analysis for 2022 and for 2023. Debt is put into perspective. In this scenario, we also assume a general economic recovery and a foreseeable overcoming of pandemic risks for 2022. Other exogenous risk factors, e.g. from disrupted supply chains, are also put into perspective. The major investment in a new production site in Lithuania and the associated potential startup losses do not result in any new dampening aspects. Other rating-relevant risks are not considered in this scenario. We expect such a scenario to be reached in the time horizon beyond one year.

**Worst-Case-Scenario: B+**

The possibility of a negative rating action within a one-year period continues to be determined by the pandemic and economic risks, particularly in connection with the implementation of announced, investment-intensive expansions, which are associated with project risks as well as a further significant absolute increase in capitalization and debt, in conjunction with possible disproportionate start-up burdens at the new production site. These effects could have a significant impact in the crisis scenario and are hardly controllable, which is why we continue to indicate

the range for the rating in this scenario in line with last year's rating, two notches below the current rating.

## Business development and outlook

In the last financial year 2020, HOMANN HOLZWERKSTOFFE GmbH suffered a COVID-19-related decline in Group sales of around 4.0% to EUR 262.8 million, which affected the 2nd quarter in particular. In view of the Europe-wide lockdown measures, which also affected furniture manufacturers and stationary furniture retailers, we consider this, along with the earnings declines at the various calculation levels (see Table 2), to be average for the sector and manageable in view of HHW's general earnings level. The decline in sales was mainly due to foreign markets. The various segments of the furniture industry performed differently and, as in the case of kitchen furniture, even positively in some cases. On a positive note, HHW nevertheless succeeded in increasing its gross profit both in relative and absolute terms. Adjusted for net exchange rate effects (EUR -5.2 million), both EBIT and EBITDA showed a positive development, with HHW having succeeded in mitigating the effects of the pandemic through savings effects and active measures. Despite a slight increase in personnel expenses, a satisfactory EBIT was achieved. The reversal of an asset sale followed by a new sale contributed EUR +0.7 million to this result. Due in particular to increased depreciation on financial assets (+1.0 million EUR) and lower interest income (-0.9 million EUR), the financial result of -7.8 million EUR was significantly worse than in the previous year (2019: -6.3 million EUR), despite slightly lower interest expenses. Nevertheless, HHW managed to come close to the revenue and earnings forecast for the 2020 financial year which was communicated to us in the previous rating and to exceed our lowered expectation compared to management, which was boosted by a considerably lower tax burden.

Table 2: Business development of HOMANN HOLZWERKSTOFFE GmbH (Group) I Source: Annual Report 2020; own presentation

| HOMANN HOLZWERKSTOFFE GmbH (Group) | | | | |
|---|---|---|---|---|
| in million EUR | 2019 | 2020 | Δ | Δ % |
| Sales | 273.8 | 262.8 | -11.0 | -4.0 |
| Gross profit | 124.7 | 125.8 | +1.1 | +0.8 |
| EBITDA | 47.6 | 44.2 | -3.4 | -7.1 |
| EBIT | 31.3 | 28.2 | -3.1 | -9.9 |
| EBT | 25.0 | 20.4 | -4.6 | -18.4 |
| EAT | 22.0 | 19.1 | -2.9 | -13.2 |

The increase in the analytical balance sheet total by EUR 64.1 million to EUR 310.0 million as of the end of 2020 was due to a loan of EUR 65 million extended by IKB, Düsseldorf and refinanced by KfW, which was the main reason for the increase in cash and cash equivalents by EUR 61.5 million to EUR 91.0 million. Taking into account the cash flow from operating activities of EUR 43.3 million, which was offset by capital expenditure of EUR 23.5 million and net cash inflows from financing activities of EUR 47.4 million, the Group's liquidity position could be described as very good. According to the liquidity forecast, this situation will not change until the end of the year. HHW's solvency was ensured.

Table 3: Business development of HOMANN HOLZWERKSTOFFE GmbH (Group) I Source: Group interim report 1st half-year 2021; FC representations of the management and own expectations (e) of CRA based on these

| HOMANN HOLZWERKSTOFFE GmbH (Group) | | | | | |
|---|---|---|---|---|---|
| in million EUR | 06/2020 | 06/2021 | Δ | Δ % | 2021 (e)[2] |
| Sales | 117.4 | 156.9 | 39.5 | 33.6 | 320.0 |
| Gross profit | 54.7 | 77.8 | 23.1 | 42.2 | 144.0 |
| EBITDA | 17.2 | 33.5 | 16.3 | 94.8 | 67.5 |
| EBIT | 9.1 | 19.8 | 10.7 | 117.6 | 46.0 |
| EBT | 5.9 | 14.1 | 8.2 | 139.0 | 36.0 |
| EAT | 5.3 | 12.9 | 7.6 | 143.4 | -- |

Despite the second wave of infection in the largest relevant market, Germany, which lasted from the beginning of November 2020 until April 2021 and resulted in significant lockdown measures, the first half of 2021 was very positive for HHW, boosted by rising foreign demand. Due to the good demand, which led to largely fully utilized production capacities at HHW, Group sales increased by around EUR 40.0 million to just under EUR 157.0 million. Price increases for raw materials due to disrupted supply chains and shortages of materials are also likely to have had a revenue-increasing effect. However, HHW was largely able to pass these on to its customers, which, together with a changed product mix at the higher refining stage, led to a year-on-year increase in the gross profit margin to 49.6% (06/2020: 46.6%). The other earnings levels at HHW also show considerable increases. HHW also cites fixed cost degression effects (e.g. in the personnel area) as the reason for this, with EBITDA adjusted for exchange rate effects at EUR 32.5 million. Despite lower interest expenses as a result of regular repayments, the financial result deteriorated by EUR -5.8 million (06/2020: EUR -3.2 million), in particular due to the one-off expense of EUR 2.6 million for the early refinancing of a corporate bond (EUR 60 million) by a similar bond with a current nominal value of EUR 78 million with a lower coupon and a term until 2026. From a rating perspective, we consider this special expense to be overcompensated by the early reduction of risks from the maturing bond and the improvement of the capital structure, taking into account the bond conditions. Also due to the current resurgence of the pandemic, we have set our expectations for the business development of the HHW Group in 2021, as presented in Table 3, lower than management. Nevertheless, the level of earnings we expect for 2021 based on management's disclosures and explanations remains noteworthy. Based on the data provided to us during the year, a significant improvement in revenues and earnings for 2021 as a whole thus appears likely, which is relevant to the rating in terms of earnings determination. Upon inquiry with the management of HHW, sufficient order backlogs were available until the end of the year at the time the rating was conducted and no (extraordinary) factors, e.g. from write-downs, were foreseeable that could jeopardize the fundamentally positive trend.

HHW's capitalization increased significantly to a reported balance sheet total of EUR 344.2 million as of June 30, 2021. Despite the growth in sales, the total inventories, receivables and other assets were kept comparatively constant. Investments in plant and equipment, particularly in Lithuania, were significant. Cash and cash equivalents, including marketable securities, remained comparatively constant at EUR 92.5 million (Dec. 31, 2020: EUR 95.4 million), which is also explained by the cash flow from operating activities of EUR 44.9 million (Dec. 31, 2020: EUR 13.9 million). These were offset by capital expenditure of around EUR 48.0 million. However, the liquidity situation

[2] Ohne potenzielle Währungskurseffekte. Die finalen testierten Werte zum Geschäftsjahresende 2021 könnten erheblich von den hier dargestellten Schätzungen abweichen.

must be viewed in relative terms due to short-term credit lines of EUR 13.9 million and comparatively high trade payables of EUR 33.3 million, which were offset by trade receivables of only EUR 2.7 million and receivables from the factor of EUR 8.6 million. Overall, there are no doubts about HHW's short-term solvency to date.

Nevertheless, the debt build-up, in conjunction with the continuing project risks and the various exogenous imponderables already mentioned, has a dampening effect on our rating assessment. As a result of the building permits and progress in construction, as well as the plausible presentation by management of the importance of the new plant for HHW and for Lithuania and the furniture industry based there, and given sufficient availability of raw materials, we believe that the project risks have improved slightly, despite the budget increase over the previous year. This is also due to the fact that HHW concluded further credit facilities (term loan) in the amount of EUR 75 million plus an overdraft facility of EUR 10 million with Swedbank in Vilnius in September 2021, which are tied to disbursement conditions that have not yet been fully implemented. The overall financing of the project should thus be adequately secured for the time being. However, the raising and use of the proceeds will impact the debt ratios in fiscal 2022 at the latest. This includes the net total debt / EBITDA adj. which can have a limiting effect and, depending on other factors, can also have a negative impact on the rating for the year. If HHW's profitability and internal financing strength decline, this could entail significant financial risks. Against the backdrop of capitalization and the absolute build-up of debt, HHW remains increasingly dependent on prospering business.

Overall, we assess the operating earnings and internal financing power, liquidity and balance sheet structures of the HHW Group as sufficiently solid to be able to raise the rating to BB and leave the outlook at stable, despite the high exogenous risks and the build-up of debt. In connection with the pandemic and economic risks, the plan to build a further plant with a planned investment volume of EUR 178 million in Lithuania, with completion in the third quarter of 2022, continues to have a limiting effect on the rating. This assessment is based on the associated financial requirements, debt build-up and project risks, as well as the expected start-up losses of the new production site, which are expected to last several years and which should also lead to reduced profitability for the Group as a whole in the years 2022 to 2024. In the past, the company has succeeded in transferring such projects into profitable growth in the medium to long term, which is why we are awaiting the actual progress in connection with the development of the exogenous factors. According to our current assessment, the country risks and (geo-)political risks in Lithuania are offset by corresponding opportunities. In our discussions with management, they continued to convince us of the advantages of the location in the overall strategic context. Not least because Lithuania is part of the euro zone and the high volatilities are mitigated by exchange rate effects in accounting. In this respect, we see realistic opportunities in the medium term for the company to further improve its rating, given conditions as they were prior to the pandemic. HHW has not yet provided us with a current Group plan for the following years 2022.

## Appendix

### Rating history

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

Publication of the initial rating: 2. November 2012

### Regulatory

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

The present rating is, in the regulatory sense, a solicited rating, that is public. Creditreform Rating AG was mandated on 08.04.2012 by HOMANN HOLZWERKSTOFFE GmbH to conduct a corporate issuer rating and monitoring of the company.

The rating is based on the analysis of quantitative and qualitative factors as well as the assessment of industry-relevant factors. The quantitative analysis refers to the consolidated financial statements for the years 2018 to 2020.

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

| **Solicited Corporate Issuer / Issue Rating** | |
|---|---|
| With rated entity or related third party participation | Yes |
| With access to internal documents | Yes |
| With access to management | Yes |

A management meeting did take place on 20.10.2021 via web conference (MS Teams) with Fritz Homann (CEO) und Helmut Scheel (CFO) within the framework of the rating process.

In addition to the documents available to us from previous years and from monitoring during the year, HOMANN HOLZWERKSTOFFE GmbH provided the following additional information within the scope of the update:

[3] In these Regulatory Requirements, the term "rating" is used in reference to all ratings issued by Creditreform Rating AG in connection with this report. This may sometimes refer to several companies and their various issues.

| List of documents |
|---|
| **Accounting and Controlling** |
| ▪ Annual report of Homann Holzwerkstoffe 2020<br>▪ Report on the audit of the consolidated financial statements 2020<br>▪ Separate financial statements of selected group companies 2020<br>▪ Unaudited consolidated half-year financial statements as of June 30, 2021<br>▪ Q3 reporting 2021<br>▪ Forecast 2021<br>▪ Business Plan 2021 following (in older versions)<br>▪ Information on accounts receivable and accounts payable<br>▪ Further documents and evaluations from Accounting and Controlling (TOP-10 customers, country breakdown, incoming orders and order backlog as of 09/30/21, open positions, etc.) |
| **Finance** |
| ▪ Current or updated financing agreements and bond terms and conditions<br>▪ Bank statements as of June 30 and September 30, 2021<br>▪ Liquidity forecast 2021<br>▪ Calculation and confirmation of compliance with existing covenants |
| **Additional documents** |
| ▪ Company presentation<br>▪ Correspondence<br>▪ Additional documents for the project Lithuania<br>▪ Information regarding ESG/sustainability issues |

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:

| Rating methodology | Version number | Date |
|---|---|---|
| Corporate Ratings | 2.3 | 29.05.2019 |
| 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 | Email-Address |
|---|---|---|
| Christian Konieczny | Lead-Analyst | C.Konieczny@creditreform-rating.de |
| Rudger van Mook | Analyst | R.vanMook@creditreform-rating.de |

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

| Name | Function | Email-Address |
|---|---|---|
| Philip Michalis | PAC | P.Michaelis@creditreform-rating.de |

On 29 October 2021, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 29 October 2021. 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 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.

### Conflicts of Interest

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 ser-vices 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.

### 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

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 assess-ments.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.



Creditreform Rating AG

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