1 OVERVIEW AND SUMMARY

Counterparty	Character	Activity	ID No.	Previous rating (B/S date)	New proposed rating (B/S date)
FERROTECH SOLUTIONS, Ltd.	Borrower	Processing of metallurgical material	123456	99B (31.12.2022)	99A (31.12.2023)

Rating Remarks:
Adjustments: new USD 149/USD 402 loan for new technology + additional interest expenses USD 1000 Rating worsening by 1 notch driven by the adjustment

Request

Borrower	Request
FERROTECH SOLUTIONS, Ltd. ("FERROTECH")	Prolongation of syndicated facility USD 251 with Bank having 41.7% stake, i.e. USD 114 New syndicated facility USD 564 for new technology (2Y drawing + 5Y repayment) – stake of Bank USD 949 (41.7%)

Key Risk Assessment

Risk 1: High indebtedness, inventory financing
Description: company LT rely on bank financing; majority to finance high inventory; indebtedness increase by USD 657 in view based on planned CAPEX Quantification: bank loans USD decreased by USD 643 during last 2 years to USD 362 (purely ST loans) => Net Debt/EBITDA 3.0x vs. values 5-6x before COVID outbreak Mitigating factors: in 2023 all LT loans repaid; capital structure positively boosted by strong profits 2021 and 2022; inventory period decreased to optimal 2M during 1Q/24 from the temporarily higher value 2.5M at FYE 2023
Risk 2: Prices volatility; supply chain shortages
Description: steel prices volatile in general -> after COVID outbreak decrease but than nearly doubled within 12M ending 5/2021 as China supported the post-COVID economy and become the main steel imported vs. previously biggest exporter => hike in steel prices; after stabilization resulting into price decrease another hike based on outbreak of the UAxRU conflict; during 2022 and 2023 return to pre-pandemic levels but visible volatility Quantification: prices at the end of 2023 by 5% lower compared to beginning of the year; in 1H/2023 price correction more than 15% Mitigating factors: off-takers accepted higher prices in the situation of higher volatility and uncertainty => higher profitability of FERROTECH in 2021 and 2022 and correction in 2023; FERROTECH has clear strategy for mitigation of the commodity risk but full hedge not possible
Risk 3: Situation in Automotive
Description: FERROTECH's concentration into this sector reached 77% in 2023; registration of new cars in EU concluded 13.9% growth; supply chain bottlenecks recovered in 2023; global auto demand to growth by 1-3% in 2024 and 2-4% in 2025 according to S&P Industry Outlook Quantification: see above

Mitigating factors: see above; deliveries relate to bodywork and so no negative impact relating electric vehicles momentum

Recommendation

Recommendation	Two excellent years 2021+2022 resulted into improvement of the capital structure. Despite margin correction in 2023 financial health of FERROTECH decent based on repayment of all amortized loans, solid EqR over 40% and leverage at acceptable level => right timing for robust CAPEX (despite having no LT contracts) that will result into competitive advantage of FERROTECH and strengthen its market position in MT horizon. FERROTECH able to cover DS of the new line from existing CF. Transaction is recommended for approval with conditions.
Conditions proposed	Temporarily softening of the covenant Net Debt/EBITDA to 6.0x for FY 2025 and 2026 in connection with huge CAPEX

2 REPORTS

Heat map info

Id	Sector (level 1)	Activity (level3)	Risk	Outlook	Quadrant	ESG
994455	Consumer Discretionary	Automotive Parts & Equipment	LOW	STEADY GROWTH	B5	LOW

ESG Risk for client: LOW
Description: no strategy implemented at this moment; nevertheless FERROTECH Tier 2 supplier to automotive that will have to follow the trends and needs of the car producers to keep its position in the supply chain; new line with positive impact on the environment (electricity reduction, scrap reduction) Quantification: n.a. Mitigating factors: n.a.

Fulfillment of financial covenants

Financials	Covenant	Frequency	31.12.2023
Dluhove kryti (rollover basis)	Min. 1.2x	Q	3.2x
Zadluzenost (rollover basis)	Max. 5.6x	Q	3.0x

Covenant Remarks:
Evaluation of covenant fulfilment/breach: Covenants fulfilled with high cushion for 2023 Expectation on future fulfilment/breach of covenants: In extreme situation of full drawing of ST limit USD 777 + USD 616 of the investment loan, no dispo than break even EBITDA for Leverage at EBITDA 178mn; neverthless in CA case utilization of ST limits lower values slightly above actualy set covenant 5.6x; with respect to done CAPEX softening of the covenant temporarily softening of the covenant to 6.0x is recommended for 2025 and 2026

In CA case covenant value 5.3x for 2023 despite lower EBITDA because limit to be drawn at USD 798 Dluhove kryti fulfilled in CA case with bottom value of 1.3x in 2027

Evaluation of results (detail is in enclosed reports)

Report	Date	Status	Comment
CBL/CRÚ	26/4/2024	OK	No negative recored; only negative reported on entity Alloy Dynamics Inc.
EWS	26/4/2024	OK	
VAT (DPH)	26/4/2024	OK	
FPT	26/4/2024	N/A	Existing customer
Last check from FA	26/4/2024	N/A	No check

Leveraged Transactions: adjusted leverage ratio for 2023 is 4.9x

Leverage transaction assessment	
Level of assessment	Single
Financial Sponsor ownership (>50%)	No
Proposed rating:	5A-10
Bank exposure > EUR 5M	Yes
Annual sales > EUR 50M	Yes
Balance sheet > EUR 43M	Yes
Number of employees >=250	No

Leverage / Year	2022	2023
Leverage ratio (ECB)	2,1	3,5

Guarantor(s) – Limit – not relevant

3 CREDIT EVALUATION

3.1 Customer Profile and Business Environment

GCC Risk: High	Outlook: Stable
Group description: The sole ultimate owner is Mr. Jan Novák (*1950; his son already active in the Co.), who actually controls 100% stake in the company and works as a CEO. He originally founded the company with his father Jan Novák Sr. in 1990. Today also his brother Mr. Vít Novák is in management (vice-chair of the board). In 2005 50% share sold to Copper Inc. and purchased back in 2014 => acquisition loan on SPV called Alloy Solutions used and merger with successor FERROTECH done; all FERROTECH shares transferred under Innovate Holdings => no changes in the ownership structure in last 7 years. Comment to other GCC members including: Since 2010 Mr. Novák directly owns a company “Alloy Dynamics Inc.” (futher also called just “Alloy Dynamics Inc.”), which was financially weak and persistently poor performing and support from FERROTECH was required. However in 2022 Alloy Dynamics Inc. sold remaining properties with	

profit, repaid all bank debt and reduced I/G liability towards FERROTECH from USD 816 to USD 107.5 that is moreover fully adjusted; no changes in 2023 => no risk for FERROTECH
PIONEER RENEWABLES established in 7/2018 based on spin-off of FV power plant from FERROTECH

2023 (USD)	Revenues	EBITDA	EBITDA margin	net profit	BS	FA	cash	debt	Net debt /EBITDA	equity	EqR
FERROTECH	3 326 241	162 178	4,90%	79 029	1 933 972	470 372	65 453	568 082	3,1	816 414	42%
Innovate Holdings	0	-218	n.a.	67 049	954 935	-875 667	15 107	0	0	929 923	97%
Alloy Dynamics Inc.	17 842	3 600	20,20%	4 145	11 388	0	10 836	0	0	-13 592	-119%
PIONEER RENEWABLES	15 058	10 235	68,00%	7 003	66 017	25 951	35 905	0	0	59 253	90%
SUBTOTAL	**3 359 141**	**175 795**	**5,20%**	**157 226**	**2 966 312**	**-379 344**	**127 301**	**568 082**	**2,5**	**1 791 998**	**60%**
adjustment					-900 167	-875 667				-875 667	
TOTAL	**3 359 141**	**175 795**	**5,20%**	**157 226**	**2 066 145**	**-1 255 011**	**127 301**	**568 082**	**2,5**	**916 331**	**44%**

Key financials of GCC members: its visible that FERROTECH is the key GCC member

Ownership:
Willingness to support the company: No → aval for the limits not provided and considered as deal breaker
Adequate size of to support the company: No → FERROTECH is the key profit making entity owned by Mr. Novák

Business Risk: Moderate	Outlook: Stable

Activity:
FERROTECH is one of the leading processors of flat rolled products in the Country and CEE markets. It consist of cold rolled and hot rolled products and also galvanized products are delivered; over 95% represented by steel and share of aluminum marginal.
Business model:
Company operates 2 so called “Metal Processing Hubs” (production plant as well as distribution & warehousing) in Steel Valley (75% share of revenues) and Iron Hills (25%). Both are in ownership of FERROTECH
Broad technological possibilities (e.g. longitudinal slitting up to the thickness of 4.5 mm and transversal cutting up to the width of 1850 mm). New warehousing premises and cutting line launched in end of 2022
Track record: Solid

Customers:
Major part of customers is from automotive industry with 80% share (vs. 68% PY; combination of slight increase in automotive and decrease in other segment); other sectors represented mainly by metallurgy and construction. Deliveries connected dominantly to bodywork of cars and so no negative impact connected with electromobility expected.
Customer portfolio: diversified

	01.12.2023	
Customer name	USD	%
AutoFusion Dynamics	418 150	12,60%
PrecisionFlex Engineering	125 615	3,80%
Innovatech Components	125 351	3,80%
CarVantage Systems	122 444	3,70%
NexGen Engineering	112 109	3,40%
Subtotal Top5 customers	**903 669**	**27,30%**

Structure stable and LT cooperation with main off-taker; all TOP 5 customers previous year also in TOP10; concentration towards TOP 5 slightly increased from 22% to 27% driven by AutoFusion Dynamics that increased from 7% to nearly 13%
Nearly 100% sales in EUR

The market is dominant with 69% share; main export country SK (21% of sales) followed by GE (5%), HU and PL
Various types of contracts with customers and in all cases based on estimated volumes (i.e. no binding contracts)
Quarterly and semi-annually contracts: prices fixed for this period and based on expected volumes
For entire 2024 planned output 154k tonnes (vs. 135k tonnes in 2023); 67k tonnes for 1H/24 and 36k tonnes for 2H/24 under frame contract = 67%
Commodity risk: general approach to match volumes/prices in contracts with steel producers to contracts with end customers resp. the frame contracts. Nevertheless higher risk in case of yearly contracts and based on the fact that real sales under frame contracts might differ from planned values; part of business done on spot but commodity risk limited here due to short time between order and sale => clear strategy for mitigation but not possible to fully eliminate. Loss making contracts negligible resp. related to warranty claims (loss USD 461.5mn in 3/24)
Margins for FERROTECH are set nominally for one tonne individually for each customer; moreover volumes, complexity of processing and type of material is reflected
Payment conditions standard: 30-90D; collection period approx. 55D during the year; payment moral of customers ok with negligible items over 30D; problematic I/G items towards Alloy Dynamics Inc. remained unchanged in 2023 at USD 505.7mn and is fully provisioned
Supply chain shortages: lack of chips visible in entire car industry in last years with consequences on FERRO esp. in 2H/21 and 1H/2022; in 2023 stabilization

Trade Receivables: Date	**Due**	**Overdue brutto**						**Adjustments**	**Total netto**
	USD tsd	<30 days	31-60	61-90	91-180	181-365	>365		
31.12.2023	**409 330**	**71 990**	**0**	**0**	**3 116**	**0**	**25 137**	**25 307**	**484 266**
(%)	80,30%	14,10%	0,00%	0,00%	0,60%	0,00%	4,90%	5,00%	95,00%
31.12.2022	**476 733**	**49 473**	**1 077**	**0**	**0**	**61 475**	**30 707**	**30 707**	**588 758**
(%)	77,00%	8,00%	0,20%	0,00%	0,00%	9,90%	5,00%	5,00%	95,00%

Suppliers:
Supplier portfolio: not diversified

Supplier name	**01.12.2023** USD	%
Global Steelworks	1 385 153	45,80%
IronCore Industries	416 522	13,80%
SteelPrime Co.	306 307	10,10%
EuroSteel Alliance	251 791	8,30%
Balkan Steel Innovations	114 749	3,80%
Subtotal Top5 suppliers	**2 474 522**	**81,90%**

Historically concentration towards 2 dominant local steel Global Steelworks and EuroSteel Alliance. In 2023 slight growth towards Global Steelworks Mittal (from 31% to 46%) and reduction towards EuroSteel Alliance (from 29% to 8%) that was replaced by other TOP 5 suppliers mainly from Italy (IronCore Industries and SteelPrime Co.)
No ED set as standard steel commodities are delivered, i.e. switch to other supplier possible; however lower less advantageous prices can’t be ruled out
Contracts are signed on semiannual frame basis; at this moment volumes and prices set for 1H/2023. Almost all purchases are in EUR.
Global Steelworks offers bonuses based on reached volumes -> for 2023 USD 584.5mn (vs. USD 776 for 2022, USD 645 for 2021 and USD 968 for 2020). Standard scheme is following -> if sales are lower they are proportionally reduced; for sales lower by 50% than no bonuses are paid
Payment conditions standard: 30-60D

Import with increase from previous 65% above 80% for 2023
Energy: for 2023 costs USD 935.2mn (thereof 6.2mn electricity); spot prices applied but with respect to low expenses not considered as issue for FERROTECH

Trade Receivables: Date	**Due**	**Overdue brutto**						**Total netto**
	USD tsd	<30 days	31-60	61-90	91-180	181-365	>365	
31.12.2023	**357 993**	**97 179**	**29**	**0**	**0**	**0**	**365**	**455 566**
(%)	78,6%	21,3%	0,0%	0,0%	0,0%	0,0%	0,1%	100,00%
31.12.2022	**476 733**	**49 473**	**1 077**	**0**	**0**	**61 475**	**30 707**	**588 758**
(%)	94,7%	0,4%	4,8%	0,0%	0,0%	0,0%	0,0%	95,00%

Seasonality: No
no general seasonality observed in automotive industry; only small portion of FERROTECH's output goes to construction industry, but no significant impact

Strategy:
CAPEX into new technology in process = wider portfolio; lower idle times, reduction of scrap
Automotive still perceived as the key segment

Management:
key decisions done by Mr. Novák who is supported by Mr. Hruby
brother of Mr. Novák is 12Y younger and is active as vice-chairment of the board –> i.e possible sucessor

Backlog:
Orders on hand: Not relevant
Backlog: Not relevant

3.2 Industry / Market Analysis

Industry risk Automobile Parts & Equipment: High	Outlook: Slow Growth

Industry characteristics:
Cyclical industry
Cyclical – high dependency on automotive
Barriers to entry - CAPEX intensive business
Higher production and R&D costs for electrification.
High volatility of prices of steel
Visible supply chain bottlenecks in 2021 and 2022 with recovery in 2023
Geopolitical tensions and protectionism: possible import duty negotiated for cars produced in China

Industry development:
Development: Up
FERROTECH active mainly on domestic market but domestic automotive industry is strongly oriented on export mainly in EU => EU market considered as relevant
EU passenger cars sales concluded solid 13.9% growth in 2023 to 10.5mn units. Nevertheless December was the first months of contraction after 16 months but for Jan and Feb 2024 increase reported
Softer electric vehicles (EV) momentum to affect pricing and CAPEX
China is no longer seen as driving global auto demand growth in 2024 and 2025. Global demand growth 1-3% in 2024 and 2-4% in 2025

Steel market / prices development:
Global overproduction of crude steel, until 2020 mainly due to large Chinese overcapacities (more than EU+US annual production together) – exporting steel -> importing countries react with anti-dumping measures, in 2020 change of the situation due to COVID. The Chinese government decided in the second half of 2020 to support the economy with large-scale infrastructure and construction projects. Within a few months, "the world's largest exporter became a net importer". The price of steel in China was in 2021

the highest since 2008 => the steel price nearly doubled during 12M ending 5/2021. This was followed by decrease of prices that was interrupted during UAxRU war outbreak when prices increased again. During 2022 and 2023 return to pre-pandemic values but visible volatility. Prices at the end of 2023 by 5% lower compared of the beginning year but in 1H/2023 price correction reached more than 15%
Market position + structure: Market position: Solid Main local competitor is SteelFusion Co., a.s. – member of IronSphere Group, also a Bank client, halls located in Riverbend, which is a good geographical position in terms of short distance to Central City => company's main advantage is flexible just-in-time delivery for AutoMasters Ltd.. Contracts with AutoMasters Ltd. involve an obligation for SteelFusion Co. to permanently keep specific amount of material & supplies for possible fluctuation of demand. Another peers seen in TechForge Solutions (member of international Group) with similar activity but is not strictly focused on automotive as FERROTECH or SteelFusion Co.
Peer analysis: Company´s performance: In line Assessment difficult because last 3 years influenced by high volatility and supply chain shortages that allowed higher margins in the industry esp. in 2021 and 2022 However findings are following: 1) FERROTECH increased its margins at most among peers and shows best performance vs. TechForge Solutions with much lower margins even in good years, 2) leverage comparable with SteelFusion Co., 3) EqR highest among peers, 4) inventory period largest comparable to SteelFusion Co. Evaluation set conservatively as reality is somewhere between In line and Better

3.3 Bank Position Evaluation

Bank position risk: Moderate	Outlook: Stable
In 2Q/2017 bilateral financing of the main banks OneBank and Bank (plus USD 918 from CapitalOne Bank) was replaced by syndicated facility USD 987 (thereof USD 900 amortized loan); OneBank keeps 58.3% take and Bank 41.7%; ST limit increased by USD 874 in 2022 In 1/2021 new amortized loan USD 704 approved by syndicate During 2023 regular payments done plus pre-mature repayments of the USD 933 loan = as of 12/2023 FERROTECH without amortized loans All loans drawn in EUR Free credit lines: Yes, free credit lines are available. No amortized loans, ST limits drawn only partly	
Payment flow: Credit T/O in last 12M: payment traffic regular; for last 12M incoming payments USD 540 = 23% share that is below 42% share on Bank' take on financing	

3.4 FX risk Evaluation

FX risk: Moderate	Outlook: Stable

Company’s primary operating currency is EUR and drawn loan also in EUR Open FX position USD 237.5mn is even reduced by repayments and IE in EUR => open FX position only USD 779.7mn = 7% of revenues and background mainly in PEREX paid in USD No financial hedging instruments in place Majority of OFI/OFE represented by FX gains/losses; for 2023 realized netto loss USD 545.5mn and non-realized netto FX loss USD 275.2mn Level of FX risk without financial hedging: Moderate In general, customer hedges FX exposure: Yes, Mainly

3.5 Financial Risk Evaluation

Single FERROTECH: Moderate Risk	Outlook: Stable
Based on single FS as of 12/2023 (local, unqual.) + interim FS as of 3/2024 P&L summary: After dynamic sales growth in 2022 and 2023 there was nearly 20% sales correction. Nevertheless steel prices changes is the key factor for this development because in 2022 physical output decreased by 14% (despite revenues growth) and for 2023 physical output remained flat at 135k tonnes and average price went down from 1 217 to 1 017 EUR/t EBITDA for 2021 and 2022 considered as extraordinary and MNG expected normalization to USD 556 vs. USD 466 reported, i.e. slightly above the expectation and profitability for 2023 perceived by FERROTECH as decent average Strongest EBITDA reported in 2Q in situation of steel prices decrease that is considered as slight surprise for CA and signalizes that the commodity hedge of FERROTECH is on relatively high level OOI include USD 376.5mn of bonuses from Global Steelworks FX result – see previous section Extraordinary items: mainly non-realized FX gains/losses; created provisions towards Alloy Dynamics Inc. in 2021 1Q/2024: stable revenues in USD as well as in tonnes; profitability decent and significantly higher than in previous years B/S summary: Extremely successful years 2021+2022 resulted into substantial improvement of the capital structure that even supported the LT trend of deleveraging; in 2023 situation stabilized -> FAC 1.80 (1.9x PY), EqR 42% (43% PY) and Net Debt/EBITDA 3.0x (vs. 1.6x 2Y ago). Dividend payout ratio 36% in 2023 = USD 148.9mn (thereof USD 881 kept in liabilities, i.e. cash outflow only partial resp. will be paid out in 2024) Liquidity acceptable – CR 1.3x (1.4x PY) Fixed assets: FERROTECH has 2 production facilities; main plant is located in Steel Valley and the other in Iron Hills; in 2021 and 2022 CAPEX into new processing line for more than USD 455 that was co-financed by syndicated loan; in 2023 CAPEX USD 707 financed from own sources (including several cars for collectors purposes) Aging structures of A/R and A/P ok; no risk regarding I/G to Alloy Dynamics Inc. because part was repaid and rest is fully provisioned – detail in Business Risk Inventory increased by USD 421.5mn in situation of sales decrease: Steel producers suffered lack of orders and so delivered goods ahead of schedule = inventory for 2.5M sales vs. optimal and target value is equivalent of 2M.	

Average stock price 880 EUR/t 12/2023 vs. 1 025 EUR/t 12/2022 Figures as of 3/2024 confirms inventory reduction by more than USD 731 Off B/S: no financial lease; no issued guarantees CF summary: DSCR 1.5x including pre-mature repayments and 1.0x after CAPEX DSCR after dividends only 0.7x but majority of dividend non-cash relevant; cash-out expected in 2024 Negative changes in w/c driven by inventory increase financed via higher utilization of ST limits Evaluation of ST financing need: Slight increase of w/c needs in 2023 driven by inventory growth; set ST limits adequate resp. even space for its increase

3.6 Projection & Feasibility

Projection FERROTECH: Moderate Risk
Mgmt planning ability: Increase of physical sales by 12% not realized in 2023 and so revenues ca. 10% below plan; nevertheless company very conservative in projections in terms of profitability because EBITDA USD 521 exceeded planed USD 645 (similar situation as in 2022)
Info regarding new CAPEX Intention to invest into new processing line ExMachina; expected price for technology USD 127.3mn + construction costs USD 141.4mn Main parameters of the technology: Laser blanking line considered as new innovation of ExMachina (= top brand in the industry) Line is capable of processing steel and optionally aluminum Fully automated process in fact; only 4 FTE's required to run the line – PEREX and maintenance not to exceed USD 587 yearly Rapid shortening of the initial phase of for production as no die ("matrice") for the production has to pe prepared ahead the production launch = margins to be higher than on existing lines (USD 989ths per tonne in the plan) Capacity up to 50k tonnes per year Output of new line not contractually secured as the launch is in the 2Y time; nevertheless main customers shows intention. FERROTECH declared that roughly 10% of existing production can be transferred on the new ExMachina line resulting into higher efficiency Technology in FERROTECH to be the first on the market Representatives of FERROTECH visited the same production line in Germany (Leipzig) where components for Tesla and Porsche are produced Time schedule: Contract not signed and dependent on the approval by the syndicated Time to launch the line is 2Y after the order = mid 2026; payment terms subject of future negotiations but advance payment in several steps to be included Construction works not seen as critical in terms of timing and construction to be done in 2025 Simple plan for the line: new line to turn into black figures already in 2026 and break even by less than

13k tonnes; performance to fully cover entire DS at 38.8k tonnes = 78% capacity resp. by planned output possible decrease of margin per tonne from USD 323 ths to 2.6 ths
Mgmt scenario: MT plan for 2024-2027 submitted by the management Physical volumes: increase of volumes from 135k tonnes for 2024 to 154k tonnes in 2025, 160k tonnes in 2026; thereof contribution of new line to be 15k tonnes in 2026, 35k tonnes in 2027 and than 45k tonnes in 2028+ = 90% utilization Margins per process tonne to be at USD 104.1-2.2 ths in the projection; although years 2021+2023 seen as extraordinary planned, values are significantly below 2023+1Q/24 that was not positively influenced by commodity prices hikes, supply chain shortages etc. = conservative according to CA Fixed costs calculated to USD 927 yearly Planned EBITDAm to decrease by 120bps in 2024 and slightly growth in the following years driven by economics of scale CAPEX: total CAPEX nearly USD 727 in next 3Y but thereof ca USD 600 to be connected with the new line; mandatory capex estimated to USD 114 by the Co. New loans: syndicate loan and its drawing split similarly to CAPEX into 2024-2026; first repayments in 3Q/2026; tenor 5Y Dividends: dividends only modest in next years and increase in 2027; in 2024 ST payable USD 865 to be paid out (=reflected in changes in w/c) DSCR decent with 1.8x in 2027 when the burden of the new loan will be highest Net Debt/EBITDA 4.9x in the peak CA scenario: Although in 2021-22 physical output over 160-170k tonnes was reached, CA calculated with stagnation for 2024 and 2025 and only modest increase after launch of the line Margin per tonne increased by CA to USD 361.4 ths in the projection EBITDA USD 467 plan for 2024 and slow growth to USD 235 in 2027 = values below 2023 performance and EBITDAm round 4% DSCR 1.5x under the peak DS burden in 2027; values after CAPEX co-financing lower minimal buffer; if DSCR after mandatory CAPEX calculated than DSCR 1.3x Net debt/EBITDA to peak at 5.8x in 2026 Sensitivity analysis: Visible sensitivity on physical volumes and gross profit per tonne By 135k tonnes output stagnation that were reached in 2022 and 2023 = output stagnation, than break even reached by gross margin 2.2k tonnes and for DSCR 1.2x by USD 808.4k tonnes If volumes increase by 10% compared to 2023 even USD 271.2 per tonne sufficient for DSCR above 1.2x Breach of the leverage covenant possible and so temporarily covenant softening to 6.0x for 2025 and 2026 is recommended. Leverage calculated as Net Debt/EBITDA and as cash used the value similar to cash in 2027 CA case, i.e. USD 898.6mn