



FIDI - Financial Assessment EY Credit Risk Barometer

2024 Summary Report

February 2025



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Executive Summary



- ▶ In general, FIDI membership remains healthy and has a solid foundation with 89,1% of Affiliates having a low credit risk report (last year 89,5%). Main reason for this low credit risk is the healthy debt structure for the majority of the Affiliates (78% has a low solvency risk).
- ▶ Consistent with what we have seen over the past years, profitability remains an attention point. The profitability has decreased in comparison to last year and the operating profit ratio is only at 4% (last year 6%). In most industries, companies are targeting an operating profit ratio of at least 10%. Only 23% of FIDI membership is able to meet that threshold. Liquidity and solvency are at healthy levels, but because of the lowering profitability we expect to see a decrease in liquidity in the next years.
- ▶ Turnover was steadily increasing since the Covid pandemic, but has now dropped back to the level of 2022 (median of 5.9 million USD). We would expect to see a yearly turnover increase of at least 5% to cope with inflation, but in general turnover is stagnating. There is a clear correlation between growth of turnover and profitability, which means that we see stronger profitability for members reporting a growth in turnover compared to the year before.
- ▶ Main conclusion of the critical risk category¹ would be that most of them already had at least a high risk² report the year before. These Affiliates fundamentally have an issue with accumulated losses over the years, resulting in a very low or even negative own equity for almost all of them. The amount of affiliates in the most critical group has systematically gone down from 21 in 2020 to 13 in 2024.

¹EY CRB score of more than 95% OR 2 years in a row as high risk

²EY CRB score of more than 50%

FIDI Membership in numbers

458 last year: 454
Completed assessments
 representing 99% of FIDI members

89% last year: 89%
Affiliates with low credit risk
 Median: 7,8% (low risk)

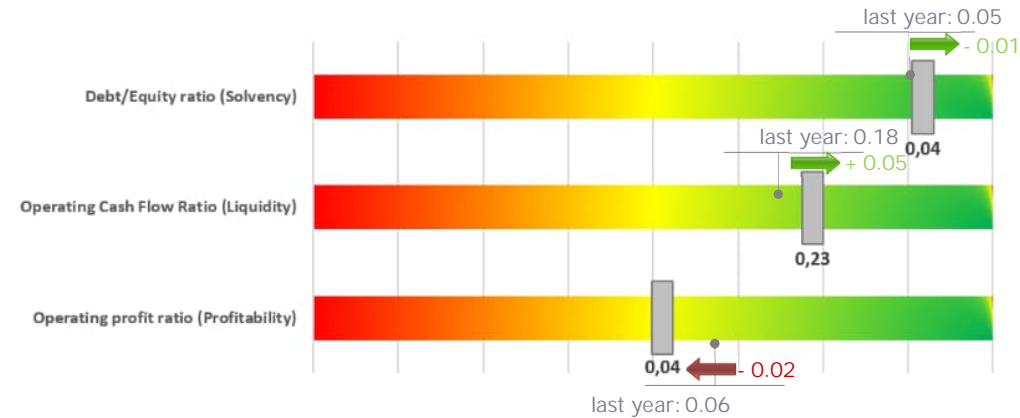
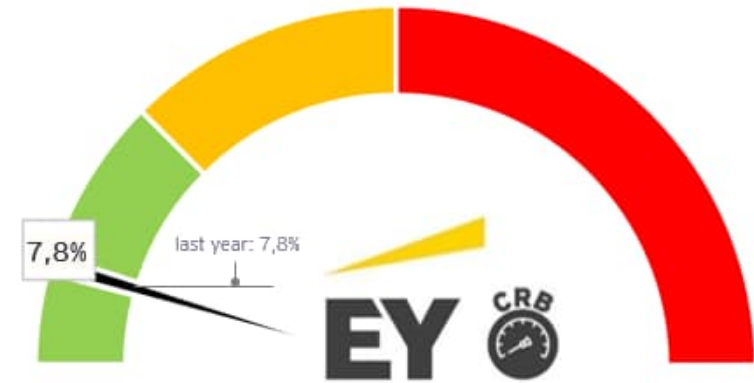
88% of financial results are based on fiscal year ending in
2023

78% low solvency risk last year: 78%
 Median: 0,04 (low risk)

Europe
 Lowest risk continent

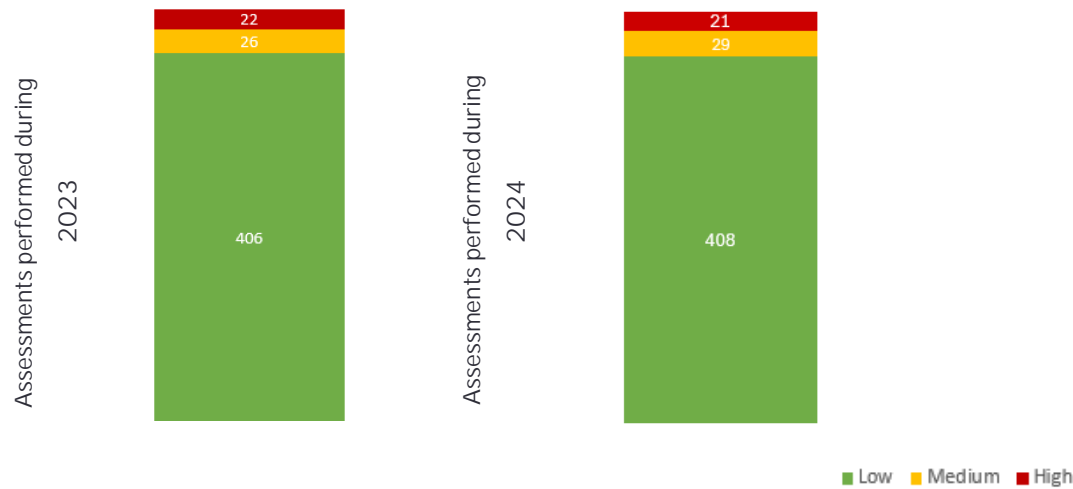
54% low liquidity risk last year: 48%
 Median: 0,23 (low risk)

23% low profitability risk last year: 24%
 Median: 0,04 (medium risk)

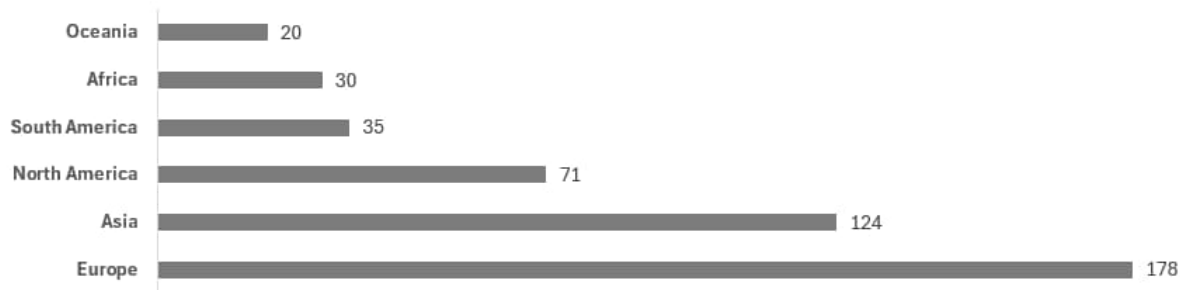


99% of the FIDI membership has been assessed

- ▶ Most Affiliates have met the financial statement submission deadline and have been assessed...



... and are distributed around the world.



FIDI Affiliate's footprint



76 different currencies

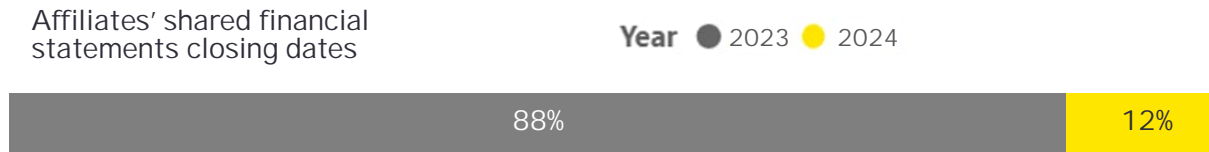
top 5 currencies

EUR	USD	GBP	INR	AUD
112	57	29	16	13

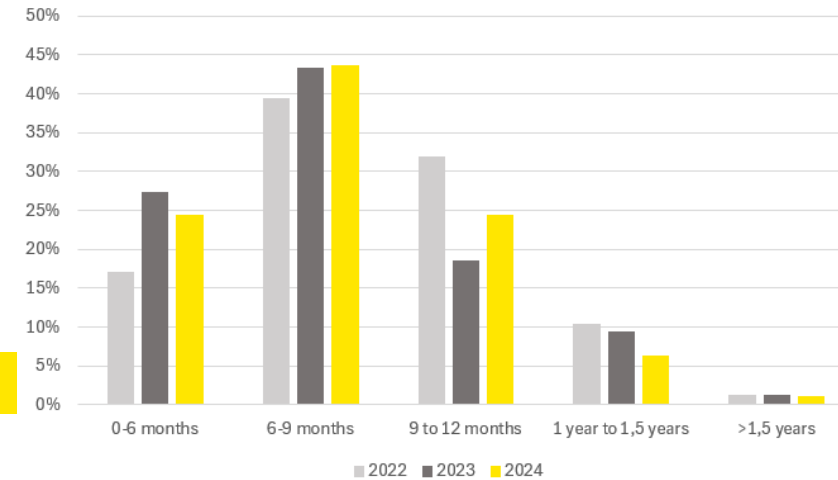
88% of financial results are based on fiscal year ending in 2023

- ▶ The majority of the financial statements (88%) are based on fiscal year ending in 2023.
- ▶ Affiliates are expected to submit their financial reporting package (Financial Statements) within 6 months after the fiscal year closing date.
- ▶ It takes on average 7,5 months after fiscal year closing date for providing the financial data to the FCC (compared to an average of 7,8 months last year).
- ▶ 7,4% of statements from Affiliates are submitted a year or more after the closing date.

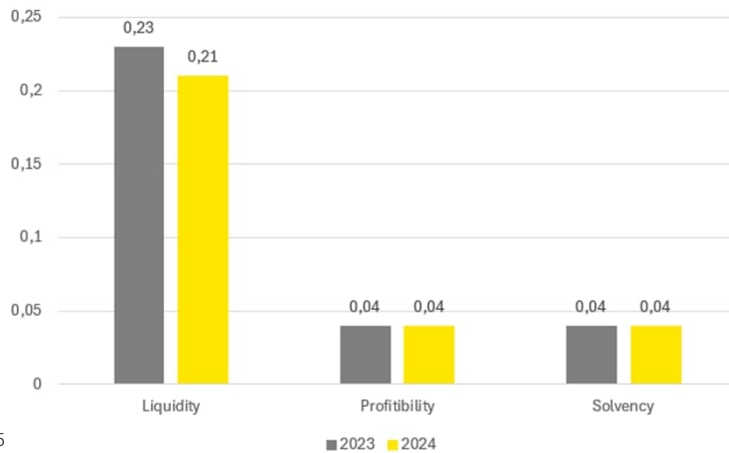
Affiliates' shared financial statements closing dates



DISTRIBUTION OF AFFILIATES SUBMISSION DATE, as amount of months between fiscal year closing date and submission date



Median scores by fiscal year closing date

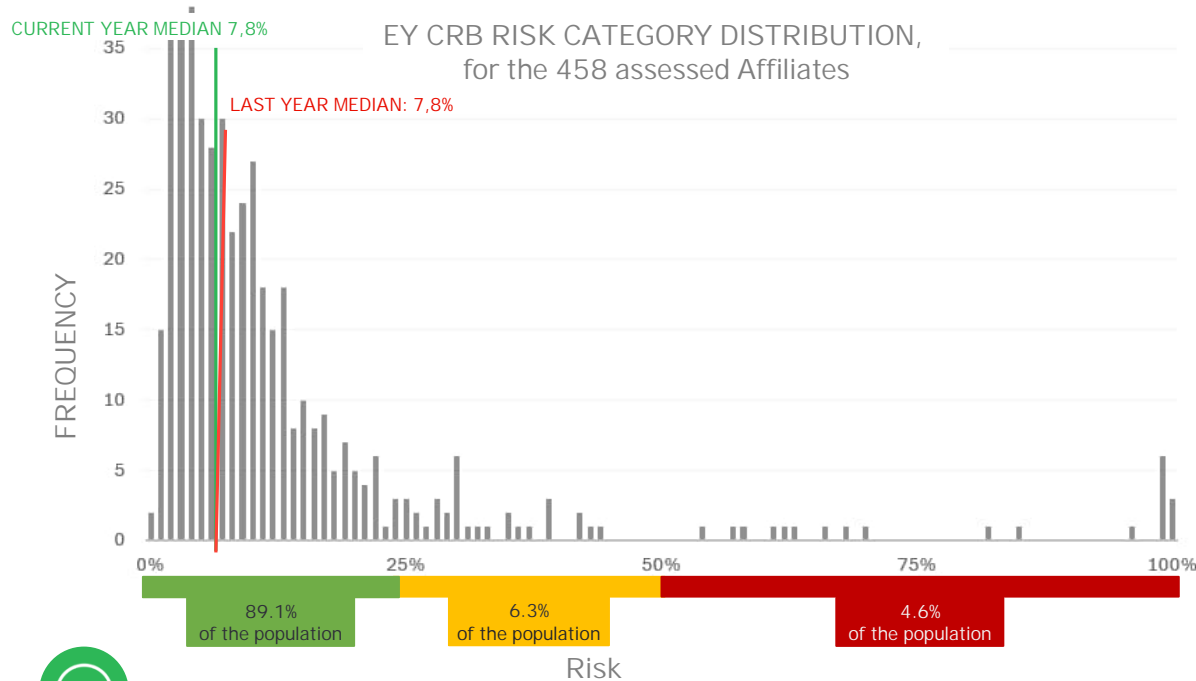


- ▶ The distribution of solvency, liquidity, and profitability ratios for Affiliates with fiscal closing dates in 2023 and 2024 shows that liquidity has slightly declined from 0,23 to 0,21, while solvency and profitability remain unchanged.
- ▶ The table on the right shows Affiliates whose fiscal year closing dates of this years' financial assessments are respectively in 2023 and 2024. The median risk has slightly decreased from 7,9% to 7,6% for Affiliates with fiscal closing dates in 2023 compared to 2024.

	Median risk score	No. (*)
2023	7,9%	403
2024	7,6%	55

* number of Affiliates in this category.

Low risk EY Credit Risk Barometer score is by far the largest category



- ▶ The EY Credit Risk Barometer (EY CRB) is a unique tailor-made solution for FIDI, taking into account both long term and short-term financial ratios, in order to assess the risk of a FIDI Affiliate not being credit worthy.
- ▶ It uses the financial statement of the previous year and returns one single value to indicate the credit worthiness of an Affiliate. That single value is being calculated based on three different types of ratios: solvency, liquidity and profitability.
- ▶ The risk is computed for each FIDI Affiliate and is assigned a category based on three brackets as follows:

	Low risk	Medium risk	High risk
Credit Risk Barometer	< 25%	25% - 50%	> 50%

- ▶ The details of the components on the EY CRB are detailed in the next slide.

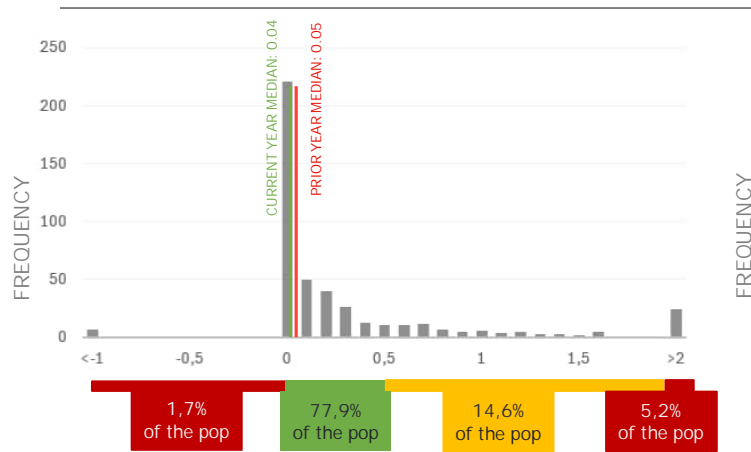


- ▶ 89,1% of the Affiliates are categorized as low risk, with a median EY CRB score of 7,8% (last year: 7,8%).
- ▶ First Time Applicants (FTA's) that joined the affiliation in 2023 or 2024 present a slightly higher median EY CRB score of 11,7%.
- ▶ Around 4,6% of the Affiliates are categorized high credit risk according to the EY CRB, which is lower than previous year (4,8%).
- ▶ Insolvency is the least risky ratio, with 77,9% of the Affiliates presenting low solvency risk exposure (last year: 79,5%) . Lack of profitability is the most common risk, with 77,1% of the Affiliates presenting high or medium profitability risk exposure (last year: 76,2%). More details on the next slide.

Solvency, liquidity and profitability as input for the EY CRB

	Low risk	Medium risk	High risk	
Solvency	0 - 0,5	0,5 - 2	> 2 or < 0	Debt/Equity ratio
Liquidity	> 0,2	0,05 - 0,2	< 0,05	Operating Cash Flow ratio
Profitability	> 0,1	0,025 - 0,1	< 0,025	Operating profit ratio
Credit Risk Barometer	< 25%	25% - 50%	> 50%	

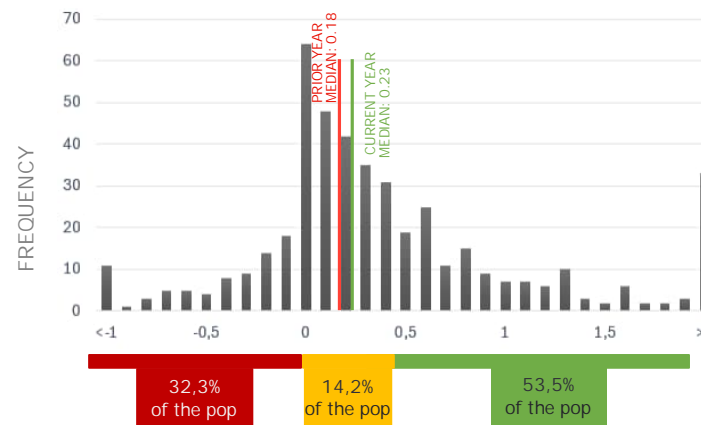
- ▶ The EY CRB is computed from three financial ratios: solvency, liquidity and profitability.
- ▶ Each of the ratios have brackets corresponding to risk categories, as detailed on the table on the left.



SOLVENCY RATIO

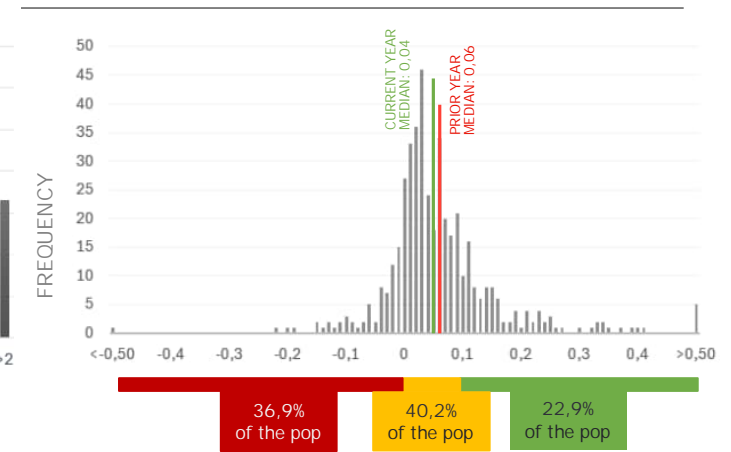
Solvency is the ability of a company to meet its long-term financial obligations. This is calculated by the Debt/Equity Ratio (Medium and Long term debt divided by owners' equity). The solvency of a company would be considered high risk if Debt/Equity Ratio is higher than 2 or lower than 0.

RATIOS DISTRIBUTION, MEDIAN AND AVERAGE for the 458 assessed Affiliates



LIQUIDITY RATIO

Liquidity is the ability of a company to meet its short-term financial obligations. This is calculated by the Operating Cash Flow Ratio (Cash flow from operations divided by current liabilities). The liquidity of a company would be considered high risk if Operating Cash Flow Ratio is lower than 0,05.



PROFITABILITY RATIO

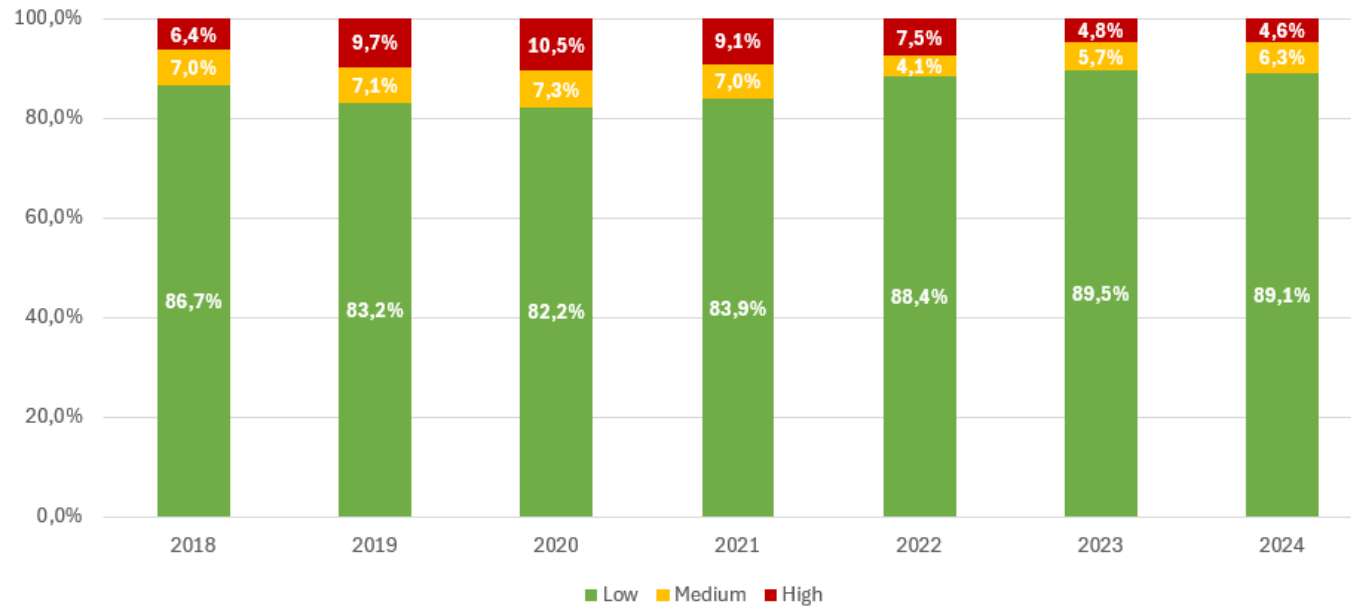
Profitability is the ability of a company to generate earnings compared to its relevant costs. This is calculated by the Operating Profit Ratio (Operating profit divided by net sales). The profitability of a company would be considered high risk if Operating Profit Ratio is lower than 0,025.

Comparison of Affiliates' risk category with last year assessment

Did overall risk distribution change over the past years?

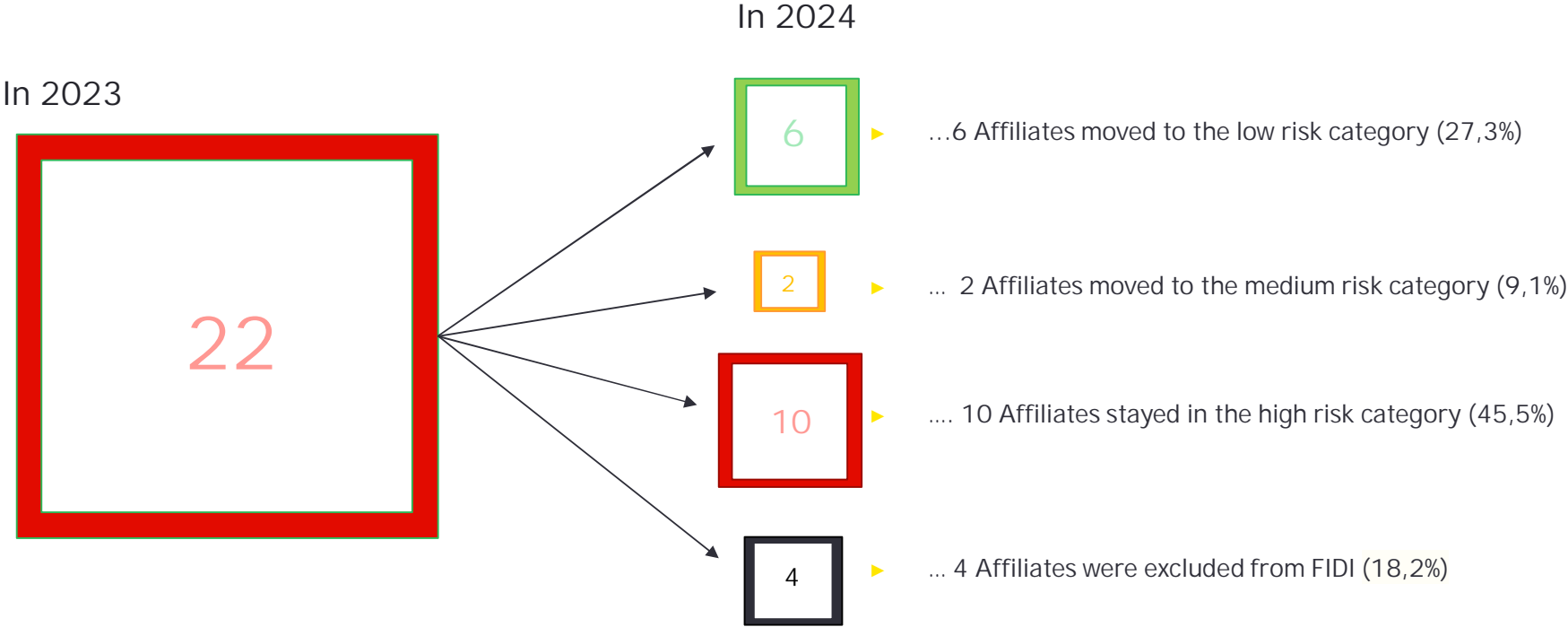
- ▶ The general distribution between low, medium and high risks did not significantly change over the past years.
- ▶ The low risk category is by far the largest category, fluctuating between 80% and 90% of FIDI membership.
- ▶ Over the past years, the high risk category group is getting smaller.

SEVEN-YEAR RISK REVIEW,
according to risk category distribution.



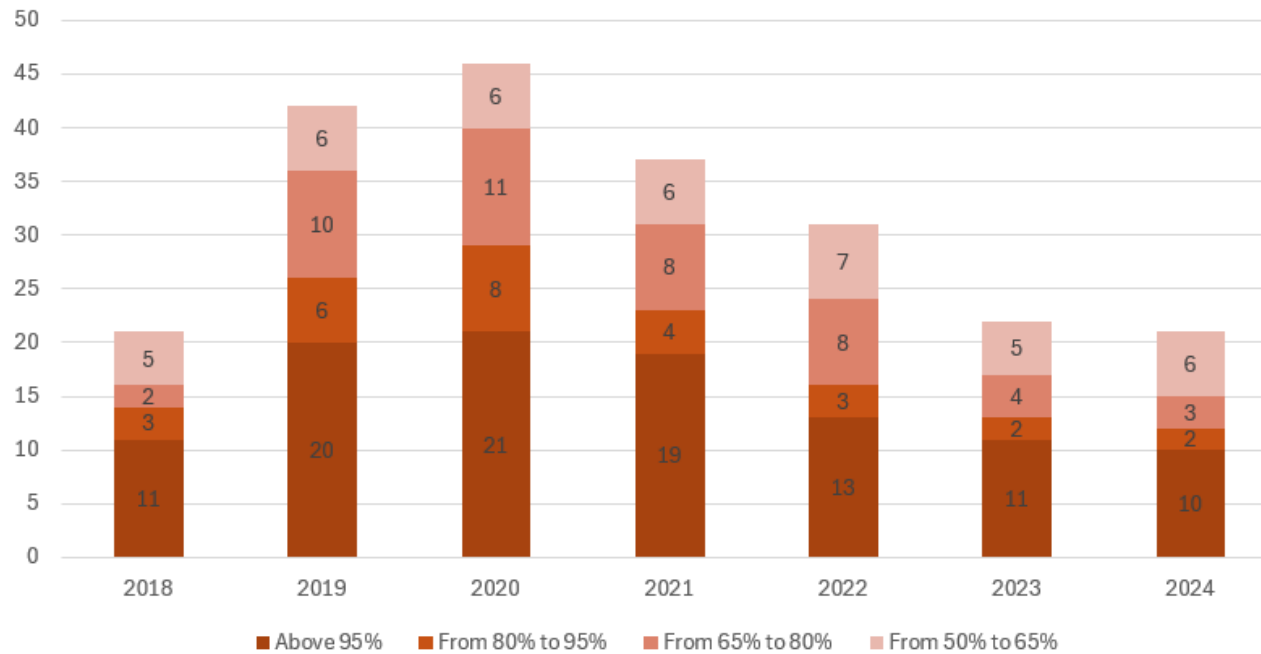
Comparison of Affiliates' high risk category with last year assessment

Of the 22 high risk reports of last year



Deep dive into the high risks (score higher than 50%)

4,6% of FIDI membership received a high risk report this year



- ▶ 21 Affiliates assessed in 2024 obtained a high risk report (score above 50%), compared to 22 last year and 31 two years ago.
- ▶ The highest risk category (over 95%) is decreasing every year since 2020 (more information about this group on the next slide).

Deep dive into the critical risks (score higher than 95%)

A high risk report is considered as critical risk if the EY CRB score is above 95% or if it was already a high risk report in the previous assessment.

13 Affiliates are considered in critical risk of which:

- ▶ 10 Affiliates have an EY CRB score higher than 95% and 3 Affiliates are in critical risk because they received a high risk report for two following years.
- ▶ Except for 3, each Affiliate that was also assessed last year (10), already had a high risk score (> 50%) in the prior year.
- ▶ 54% of Affiliates have a negative Solvency ratio (compared to 67% last year) most of the time due to a negative equity (reason: accumulated losses over the years).
- ▶ 77% of Affiliates have a negative operating cash flow (compared to 53% last year), where operating assets are insufficient to meet short term obligations.
- ▶ 46% of the Affiliates have a negative profitability ratio (compared to 60% last year) often due to a loss in the operating result (EBIT).
- ▶ No geographical concentration; critical risk Affiliates are dispersed around the world map, with no location clustering concluded.
- ▶ The median turnover (net sales) for the critical risk group equals 3,7 million USD (compared to 5,9 million USD for all Affiliates). The median turnover last year for critical risk Affiliates was 2,3 million USD.

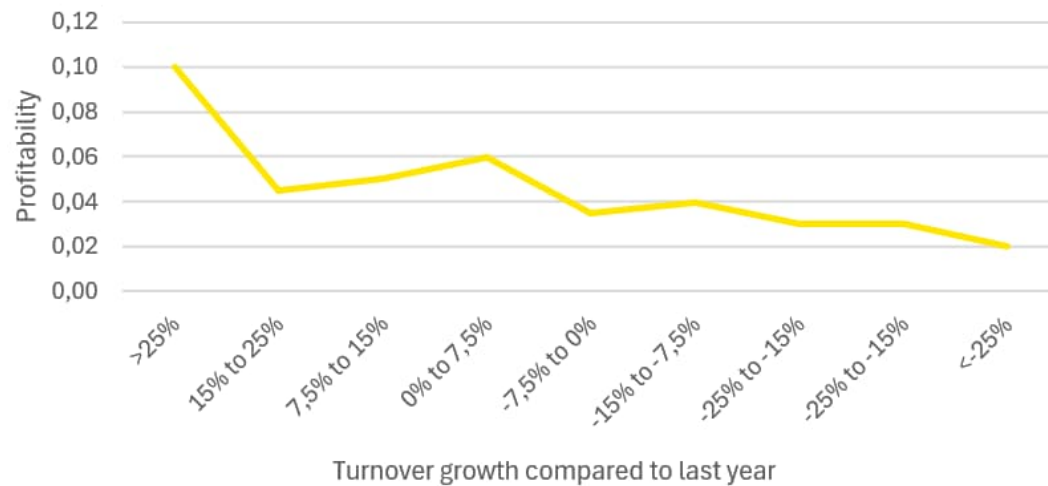


The median turnover for the Affiliates has decreased to 5.9 million USD

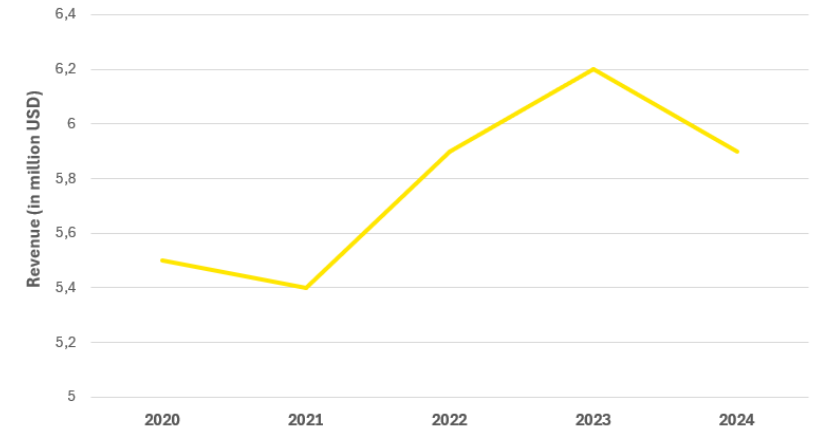
Deep dive into the turnover

- ▶ Turnover was steadily increasing since 2021 but has now dropped back to the level of 2022 (5.9 million USD).
- ▶ Amongst all continents, Africa (1.4 million USD) and South America (2.0 million USD) have the lowest median turnover. North America and Oceania have a median turnover of around 10 million USD.
- ▶ There is a clear correlation between growth of turnover and profitability, which means that in general we see stronger profitability for members reporting a growth in turnover compared to the year before.

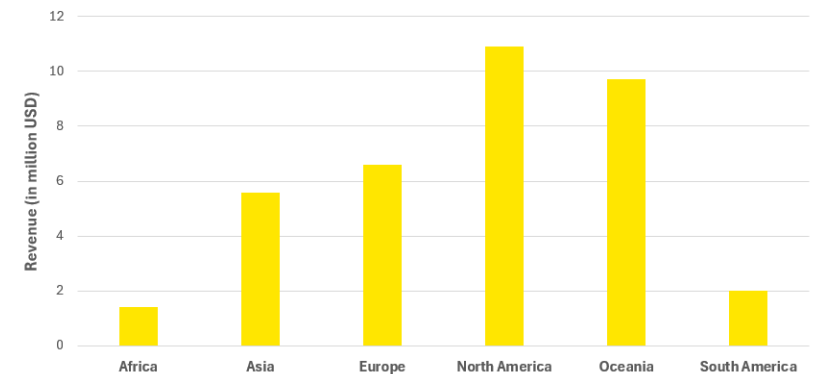
Impact of turnover growth on profitability



Median turnover through the years

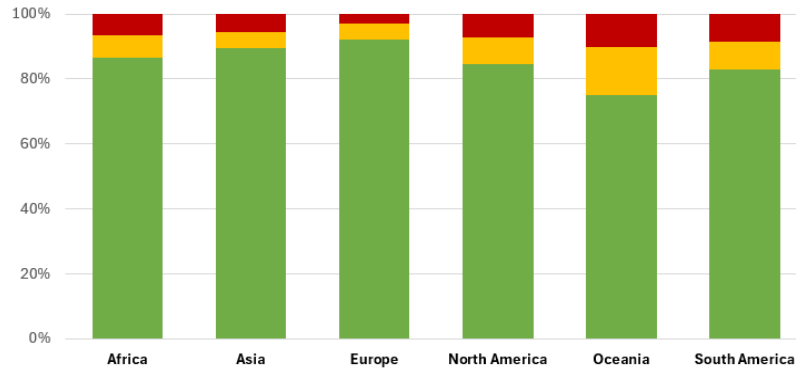


Turnover median per continent for the year 2024



Geographical Risk Distribution in numbers

DISTRIBUTION OF RISK CATEGORIES, according to continents.



CRB	Low	Medium	High
Africa	26	2	2
Asia	113	6	5
Europe	164	9	5
North America	61	6	4
Oceania	15	3	2
South America	29	3	3



- ▶ 92,1% of Affiliates in Europe fall within the low risk category.
- ▶ Denmark is the country with the lowest median risk of 3,2% (with at least 3 Affiliates assessed).
- ▶ Last year, Pakistan and Finland were already in the top 5 countries with lowest risk.



- ▶ Oceania and South America are the continents with the largest share of Affiliates in the high risk category (compared to Africa and South America last year).

LOWEST RISK COUNTRIES¹

Country (# reports)	EY CRB Median	... vs last year	Country	EY CRB Median
DENMARK (3)	3,2%	↓ 1.4%	Brazil (4)	2.2%
FINLAND (4)	4,3%	↓ 0.0%	Romania (5)	3.1%
PAKISTAN (7)	4,3%	↑ 0.1%	Ireland (8)	3.4%
UNITED KINGDOM (30)	4,6%	↓ 0.7%	Pakistan (7)	4.2%
ARGENTINA (6)	4,7%	↓ 0.4%	Finland (4)	4,3%

¹ among countries with minimum 3 Affiliates assessed

HIGHEST RISK COUNTRIES¹

Country (# reports)	EY CRB Median	... vs last year	Country	EY CRB Median
AUSTRALIA (13)	15,7%	↑ 4.2%	New Zealand (6)	12.5%
COLOMBIA (5)	15,6%	↑ 3.4%	UAE (11)	12.4%
PERU (3)	13,6%	↑ 4.2%	Colombia (5)	12.2%
SOUTH AFRICA (Rep.) (5)	13,4%	↑ 4.7%	Switzerland (9)	12.1%
UAE (11)	12,5%	↑ 0.1%	Australia (14)	11.5%

Geographical Risk Distribution on the world map

- ▶ The median risk category and average financial ratio categories for each Affiliates' country have been placed on world maps.
- ▶ The all green risk map reflects the low average credit risk score for countries with at least 3 Affiliates assessed.
- ▶ Compared to last year, most significant change is the decrease in overall liquidity risk noted throughout the globe. Now 54% of Affiliates score a low risk liquidity ratio, compared to 48% last year.

MEDIAN RISK CATEGORY HEATMAP

for the 458 assessed Affiliates, representation for countries with at least 3 assessed Affiliates

Ratio/score considered as:

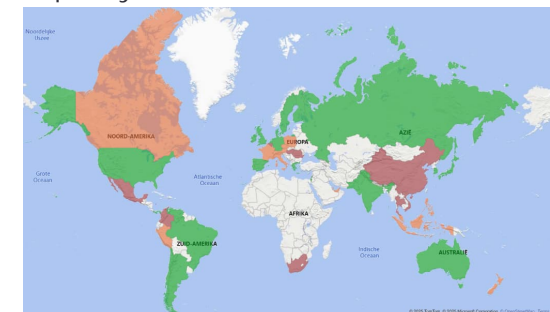
- Low
- Medium
- High



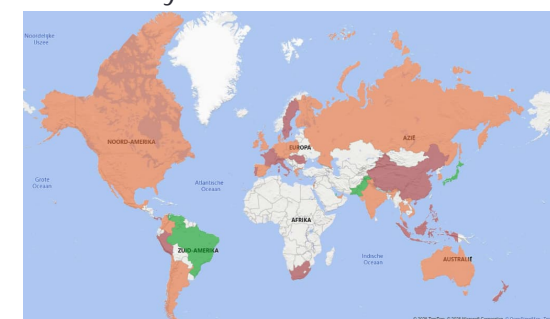
Solvency ratio



Liquidity ratio



Profitability ratio





FIDI - Financial Assessment EY Credit Risk Barometer

Annexes



The better the question. The better the answer. The better the world works.

The EY logo features the letters "EY" in a bold, white, sans-serif font, with a yellow diagonal line striking through the top right corner of the "Y".

EY

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Annex 1a. Risk category heatmap (Median per country) - representation for countries with at least 3 assessed Affiliates



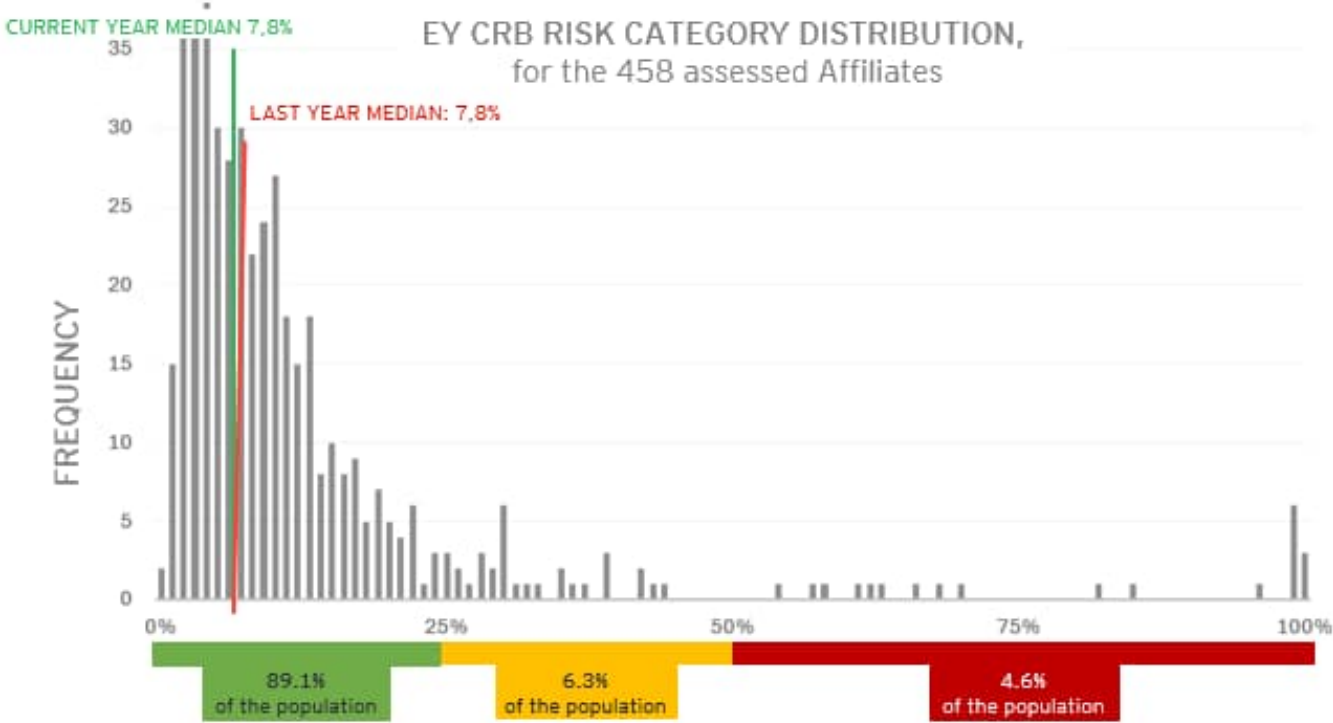
Ratio/score considered as:

- Low
- Medium
- High

Annex 1b. Risk category distribution

RATIO RISK CATEGORY DISTRIBUTION,
for the 458 assessed Affiliates

Credit Risk Barometer	Low risk	Medium risk	High risk
	< 25%	25% - 50%	> 50%



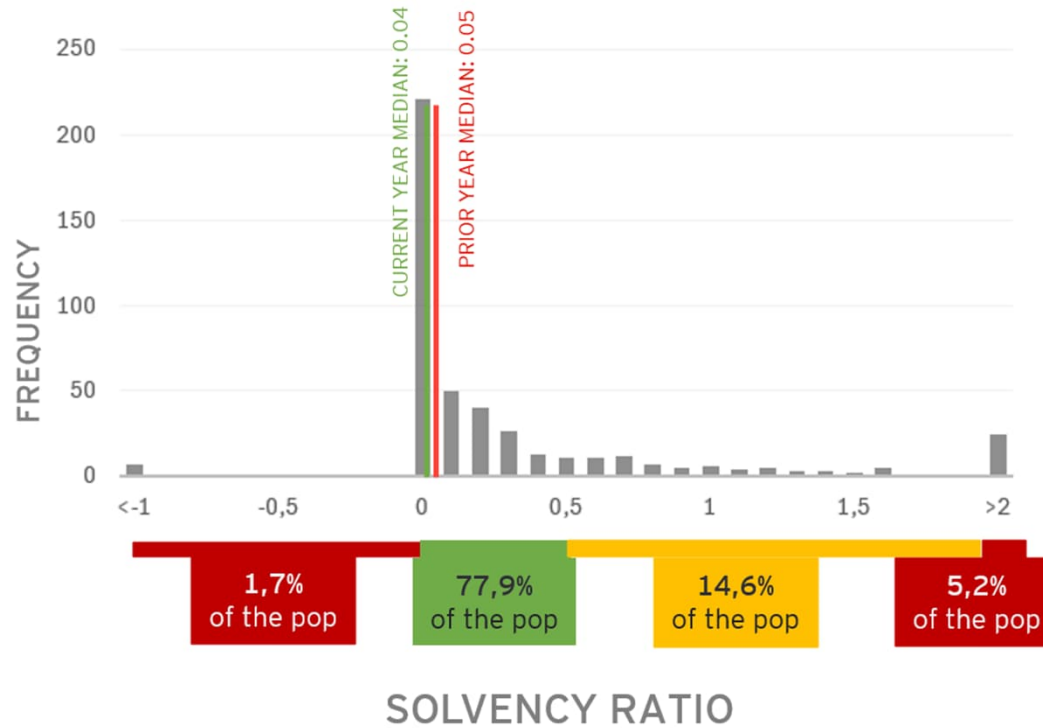
Annex 2a. Solvency ratio category heatmap (median per country) - representation for countries with at least 3 assessed Affiliates



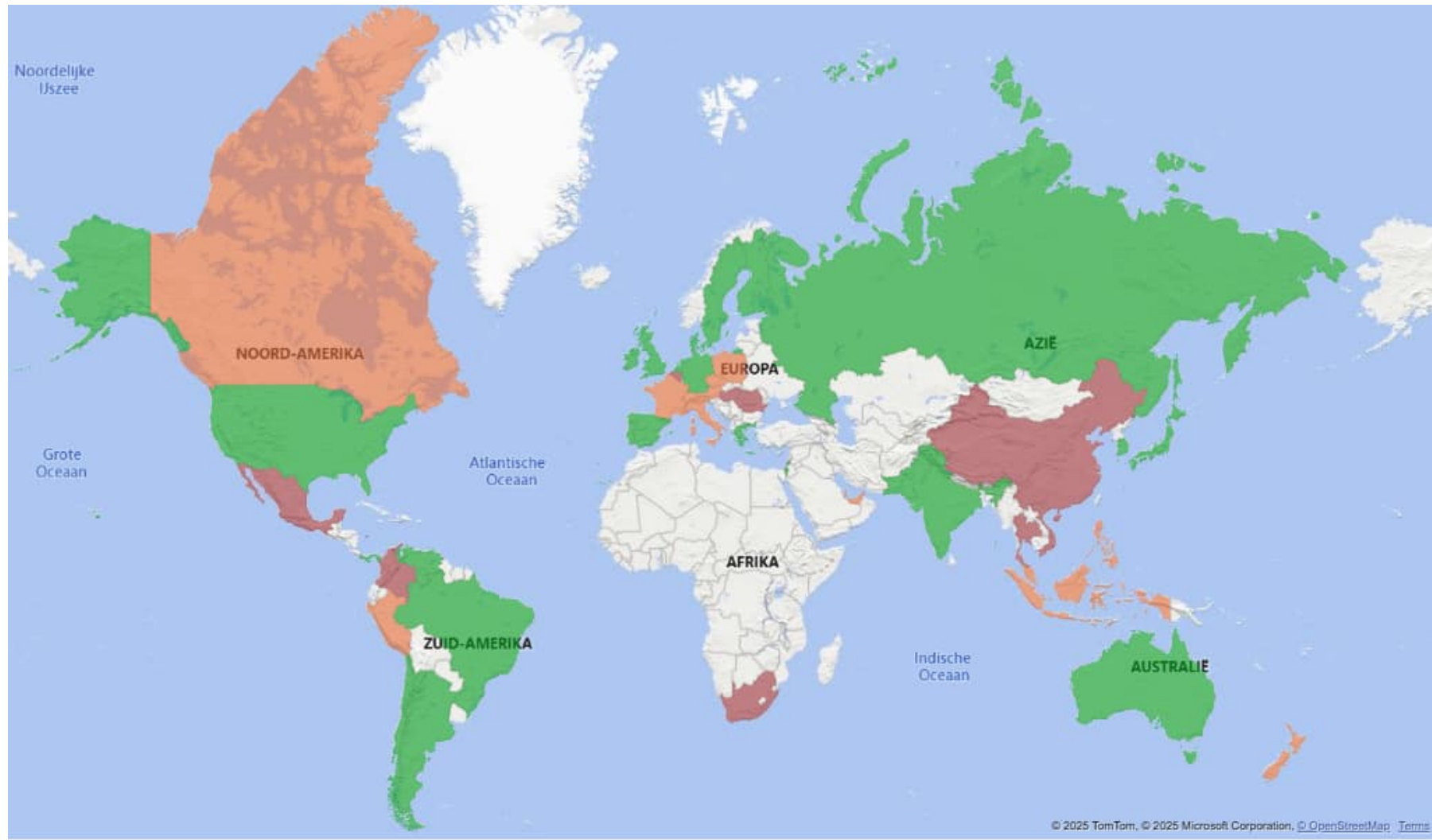
Annex 2b. Solvency ratio category distribution

SOLVENCY RATIO RISK CATEGORY DISTRIBUTION,
for the 458 assessed Affiliates

Solvency Debt/Equity ratio	Low risk	Medium risk	High risk
	0 - 0,5	0,5 - 2	> 2 or < 0



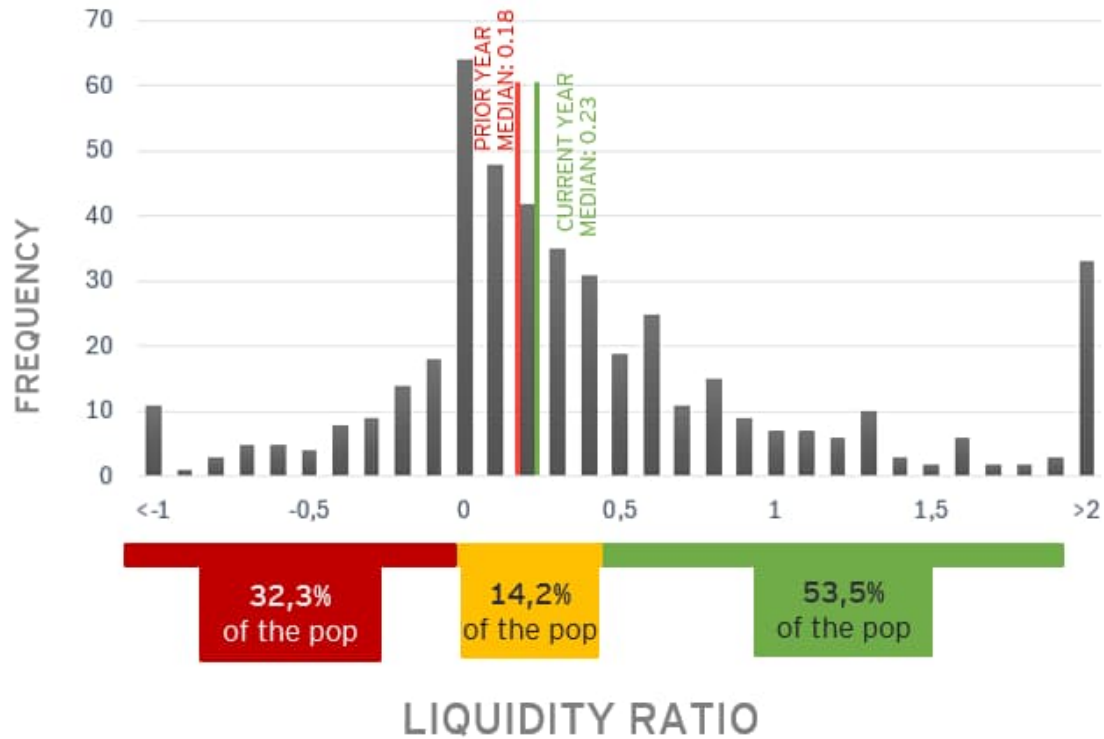
Annex 3a. Liquidity ratio category heatmap (median per country) - representation for countries with at least 3 assessed Affiliates



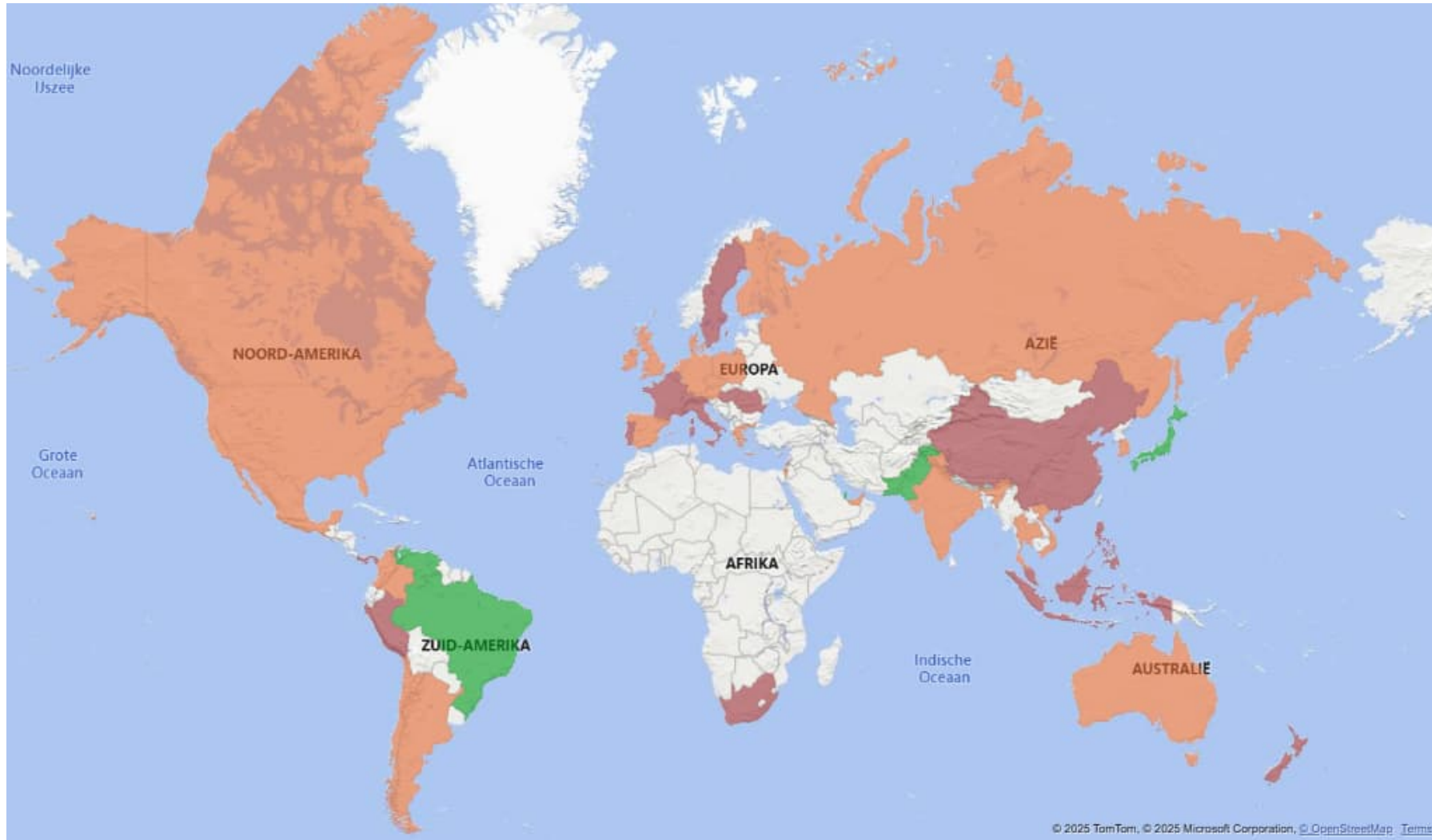
Annex 3b. Liquidity ratio category distribution

LIQUIDITY RATIO RISK CATEGORY DISTRIBUTION,
for the 458 assessed Affiliates

	Low risk	Medium risk	High risk
Liquidity Operating Cash Flow ratio	> 0,2	0,05 - 0,2	< 0,05



Annex 4a. Profitability ratio category heatmap (median per country) - representation for countries with at least 3 assessed Affiliates



Annex 4b. Profitability ratio category distribution

PROFITABILITY RATIO RISK CATEGORY DISTRIBUTION,
for the 458 assessed Affiliates

	Low risk	Medium risk	High risk
Profitability Operating profit ratio	> 0,1	0,025 - 0,1	< 0,025

