

INSTRUMENT RATING
HT SUMINISTROS 1 – ODF
FINANCIACIÓN

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Rating Action and Rationale

EthiFinance Ratings affirms HT SUMINISTROS 1 – ODF FINANCIACIÓN’s promissory notes issue rating at “A-(sf)” and place the rating under review.

The Fund’s main credit enhancement is the credit insurance provided by Compañía Española de Seguros de Crédito a la Exportación, S.A. (hereinafter “CESCE”) ratified by EthiFinance Ratings at “A-” with a stable outlook. The credit insurance covers 100% of the face value of the Credit Rights assigned.

The rating has been placed under review as EthiFinance Ratings is awaiting clarification in some information from the Assignors. The clarification relates to the low conversion of pending-invoice Credit Rights into invoiced Credit Rights. The lack of conversion could be caused by an overestimation of the face value of the pending-invoice Credit Rights or to other factors. However, if the face value of the pending-invoice Credit Rights has been overestimated by the Assignors, the rating could be affected because the overestimated portion of the pending-invoice Credit Rights would not be insured or would be exposed to the Assignors’ risk.

Fund Description

HT SUMINISTROS 1 – ODF FINANCIACIÓN (the “Fund” or the “SF”), is the first compartment of a securitization fund instrument under a promissory note program (hereinafter the “Promissory Notes”), constituted under Spanish Law, opened by its assets and its liabilities. The Fund is collateralized by Credit Rights assigned to it by three companies ON DEMAND FACILITIES, S.L.U. (“ODF” of the “Servicer”), and its subsidiaries, ENERGÍA LIBRE COMERCIALIZADORA, S.L.U. (ENERLI) and ASAL DE ENERGÍA, S.L. (ASAL) (hereinafter the “Assignors”). The Credit Rights originate from utilities supply contracts (of electricity, water, gas, or telecommunication) signed between the Assignors and their respective clients. ODF also acts as the Credit Rights’ Servicer.

Fund	Class	Outstanding Promissory Note Balance (04/03/2024)	Interest Rate	Maturity Date	Collateral Type
HT SUMINISTROS 1 – ODF FINANCIACIÓN	Promissory Notes	11,900,000 €	Fix (Implicit)	Promissory Notes have a maturity between 3 and 731 days	Trade Receivables

*Source: Deed of the transaction.

Fundamentals

- **The pending-invoice Credit Rights have mainly been paid back or repurchased by the Assignors rather than converted into invoiced Credit Rights.** As an example, from March to December 2023, the Fund purchased pending-invoice (proforma) Credit Rights for a total face value of 88.563.335€, while only 22.694.543€ were assigned to the Fund as invoiced Credit Rights. This lack of conversion could be a consequence of (i) debtors paying the Assignors before the Credit Rights are converted and/or (ii) an overestimation of the consumption when calculating the face value of the pending-invoice Credit Rights or (iii) other reasons to be clarified. In the second case the Fund would be exposed to the credit risk of the Assignors as the overestimated amount is not covered by the insurance policy and that it must be paid back to the Fund by the Assignors.
- **The Insurance Policy covers 100% of the Credit Rights’ face value.** The Fund can only be assigned the insured amount of a receivable, which under the current insurance policy is 95% of its face value, the remaining 5% belongs to the Assignor. Furthermore, the purchase price is less than 95% of the receivables’ face value, as they are sold at a discount, and therefore the Fund is sure to collect both the interest and principal of the Credit Rights.
- **Since the end of 2021 it has not been necessary to use the Insurance Policy.** In terms of timely repayments, the Invoiced Credit Rights have had a good performance during the past 12 months. During this period there have not been any Invoiced Credit Rights in arrears for more than 60 days. At the end of February 2024, the Invoiced Credit Rights that were in arrears for 60 days or less only represented 0.1% (12-month average of 0.28%) of the Fund’s Credit portfolio.
- **On 24 October 2023, EthiFinance Ratings ratified a rating of A- with a stable outlook to CESCE.** The rating is based on its outstanding profitability and efficiency, the lack of financial leverage, strong liquidity and solvency position, a conservative investment profile with portfolio mainly made of government debt, and its business

diversification complementary to its insurance business. However, its rating is constrained by the rating of the Kingdom of Spain due to its high geographical concentration in the country, also, the Kingdom of Spain has 50,25% of its share capital.

- **At the end of March 2024, the spread between the weighted average interest rate accrued by the Promissory Notes and the one accrued by the performing Credit Rights was 7,0pp.** From March 2023 to March 2024 the weighted average paid by the Credit Rights has been 12,7% while, during the same period, the maximum interest rate paid by a Promissory Note was 6,25%. The interest rate paid by the Credit Rights is a consequence of the discount applied, which is calculated, between other factors, considering the interest rate of the Promissory Notes and the Fund's expenses.
- **The Fund has three reserve funds to be used in the case of a liquidity shortfall.** The Operating and Liquidation Expenses, as the name suggests, will only cover the operating expenses and liquidation expenses in the case of a liquidity shortfall. On the other hand, the Liquidity Reserve, and the Interest Reserve, can be used to cover any liquidity shortfall not related to the last two points in the priority of payment order.
- **The Assignors' collection accounts have been pledged in favor of the Fund.** Payments from the debtors are made directly to the bank accounts of the Assignors and then transferred to the Fund's account on a daily basis. To mitigate the risk of these funds being comingled, the accounts in which the Assignors receive the payments from the assigned Credit Rights have been pledged in favor of the Fund.

Sensitivity Analysis

Factors that could (individually or collectively) impact the rating.

- **Positive factors**

The rating could be positively affected by a rating upgrade of the Kingdom of Spain as this, in turn, could have an impact on CESCE's rating, which is currently the insurer's main constraint. Also, the Fund's rating is related to the Credit Rights insurer.

- **Negative factors**

The downgrade of the rating of the Kingdom of Spain as it is one of the main drivers and constraints of CESCE's rating. Furthermore, the termination or modification of the insurance policy (e.g. limiting the LOI) could also have a negative impact on the Fund's rating, as is the main credit enhancement of the Fund. A recurrent overestimation of the pending-invoice Credit Rights assigned to the Fund.

Transaction Description

The SPV is divided into compartments. The assets and liabilities of each compartment belong exclusively to it. The SPV currently only has one compartment. The Credit Rights assigned to the Fund are originated by ODF, ENERLI and ASAL, and are insured by CESCE.

At the beginning of March 2024 Monthly Report, the Fund's credit rights' portfolio had 29.082 Credit Rights with a total face value of 9.227.346€. The total cash balance in the Fund's Treasury Account, Collection Account and Reserve Funds was 4.006.166€ and had issued 119 Promissory Notes with a total face value of 11.900.000€.

Main Figures

Main Figures	
Issuer	HT SUMINISTROS 1 – ODF FINANCIACIÓN
Purpose	Liquidity and Financing
Fund Type	Open by the assets and liabilities
Underlying Assets	Credit Rights of services provided that have been invoiced or are pending invoicing
Maximum Issuance Amount of the Securitization Fund	Up to 200 million euros
Maximum Issuance Amount of the Compartment	Up to 30 million euros
Incorporation Date	24/06/2020
Maturity Date	24/06/2030
Legal Maturity Date	24/06/2032
Promissory Notes Outstanding Balance (04/03/2024)	11.900.000 €
Credit Rights Nominal Value (22/02/2024)	9.227.346 €
Treasury Account Balance (22/02/2024)	671.590€
Collection Account Balance (22/02/2024)	2.763.353 €
Principal and interest payment frequency	At Maturity Date
Listing	Mercado Alternativo de Renta Fija (MARF)

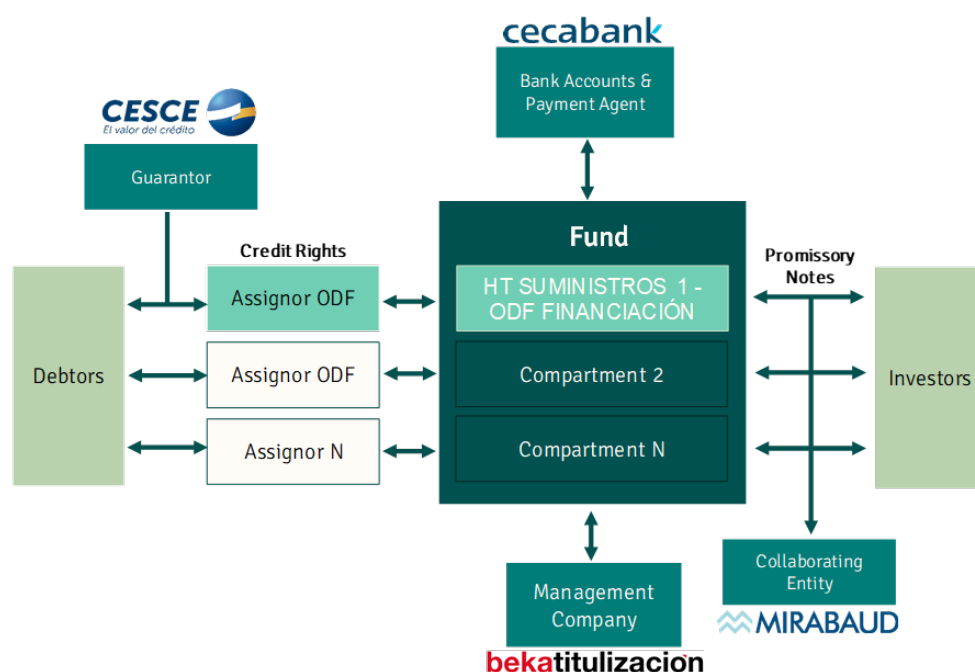
*Source: Deed of the transaction.

Participants

Participants	
Assignors	On Demand Facilities, S.L.U. and subsidiaries: Energía Libre Comercializadora and ASAL de Energía, S.L.
Insurance Company	Compañía Española de Seguros de Crédito a la Exportación
Main Collaborating Entity	Mirabaud Securities Limited
Servicer	On Demand Facilities, S.L.U.
Management Company	Beka Titulización, S.G.F.T., S.A.
Payment Agent	CECABANK, S.A.
Bank of Accounts	CECABANK, S.A.
Legal Advisor	J&A Garrigues, S.L.P.

*Source: Term sheet of the transaction

Operation Diagram



* Source: Beka Titulización and EthiFinance Rating.

The Underlying Assets

The Fund is backed by Credit Rights. These Credit Rights are assigned to the Fund by ODF, ENERLI, and ASAL. Credit Rights originate from the services provided by the Assignors to their clients. The services provided by the Assignors include electricity, gas, and telecommunication. The Credit Right may come from (i) services provided and invoiced or (ii) services provided pending invoice (proforma). In the second case the Assignors are required to issue the invoice for the service and to compensate the Fund in the case the face value of the invoice is lower than the face value of the proforma.

The Assignors

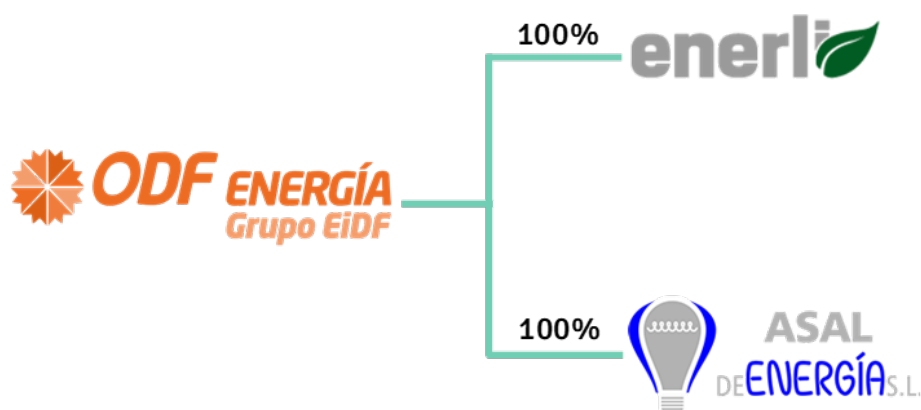
ON DEMAND FACILITIES, S.L.U. (ODF) commenced operations in late 2004 with a core focus on telecommunication systems design and installation, coupled with energy-efficient infrastructure solutions. This initial phase of operations laid the groundwork for its subsequent evolution into the energy sector. By 2010, ODF had secured licenses as a market operator and entity for electric energy and natural gas, thereby diversifying its revenue streams and expanding its market reach.

At the end of 2016, ENERGÍA LIBRE COMERCIALIZADORA, S.L. (ENERLI) was created to focus on the residential and SME sector. In 2017, ASAL DE ENERGÍA, S.L. (ASAL), a small reading company located in Extremadura, Spain, was acquired. The two subsidiaries receive financial and operational support from ODF.

The objective of ODF is to obtain resources to finance its current assets to be able to buy in the wholesale market and to generate a larger amount of electricity to supply customers with higher energy demand.

On January 2022, EiDF acquired Grupo ODF as its new commercialization branch. The acquisition was made by EiDF with the strategic objective of becoming an integrated service provider, by offering both generation and commercialization services. EiDF is the leader in industrial self-consumption with a market share of 65%, which will facilitate ODF's access to this segment.

The current structure of Grupo ODF is as follows:



* Source: ODF and Ethifinance Rating.

The Insurer

Compañía Española de Seguros de Crédito a la Exportación, S.A. is a multinational mixed-capital company present in Europe and Latin America. CESCE specializes in commercial risk management, and information and technology services. It also acts as the Spanish Export Credit Agency (ECA). It manages export credit insurance on behalf of the State, covering medium and long-term risks.

In Spain, CESCE is the second largest provider of credit insurance in terms of market share (25%), just behind Atradius. Its subsidiary Informa D&B is the leading provider of commercial, financial, sectorial, and marketing information services, with 60% of the market share. CESCE is also a provider of business management and technology services through its subsidiary CTI Soluciones, which specializes in payments and data management.

On 24 October 2023, EthiFinance Ratings ratified a rating of A- with a stable outlook to CESCE.

The rating is based on its outstanding profitability and efficiency, the lack of financial leverage, strong liquidity and solvency position, a conservative investment profile with portfolio mainly made of government debt, and its business diversification complementary to its insurance business. However, its rating is constrained by the rating of the Kingdom of Spain due to its high geographical concentration in the country, and the uncertain economic environment, which has led to a significant increase in defaults in its Spanish portfolio. The Kingdom of Spain has 50,25% of its share capital.

The Insurance Policy

The credit insurance policy signed by ODF and CESCE covers financial losses suffered due to defaulting Debtors up to 95% of the invoice face value. This agreement is contingent upon ODF's timely remittance of the insurance premium.

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STRUCTURED FINANCE

The policy has a duration of one year, but it is automatically renewed for successive annual periods, maintaining consistent terms and conditions throughout.

The Insurance Policy contemplates a maximum payment period of 150 days. This period begins on the date of the default, after which ODF has 60 days to claim the insurance, followed by a 60-day period in which CESCE must determine the compensation amount, and ends with a 30-day period in which CESCE must transfer the amount to the Fund's account.

Sources of information

The credit rating assigned in this report has been made solicited by the originator of the assets, taking part in the process. The credit rating is based in:

1. Public information from public access sources.
2. Information provided by the originator of assets assigned or that shall be assigned to the securitization fund.

From the time of the assignment of the credit rating, all information provided by the originator of the assets, by the servicer of the assets (other than the originator) or by a third participant in the transaction, shall be reviewed and analyzed with the aim to assess the following issues:

1. The performance of the credit quality of the assets comprising the collateral of the Fund.
2. The level of credit enhancement.
3. The evolution of the quantitative triggers of the Fund.
4. The evolution of the qualitative triggers (counterparty risks).

The information has been thoroughly reviewed to ensure that it is valid, coherent and consistent and it is considered as satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information provided and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Structured Finance Rating Methodology - Trade Receivables :
https://files.qivalio.net/documents/methodologies/CRA_153_V1.Structured_Finance_Rating_Methodology_Trade_Receivables.pdf
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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