



Delivery/Report Date 10.08.2022

1. IDENTIFICATION DETAILS

Corporate/Legal Name (as specified in its charter)	***Redacted***
Trade/Business Name	Same
Operating address	Gualaquiza XXX-XXX, y Av. de la Prensa
Town	QUITO
State/Province	Pichincha
Telephone	(593-2) 500 XXXX - 396 XXXX
E-Mail	info@XXXXXXXXXX.com
Country	ECUADOR

2. BACKGROUND INFORMATION & BUSINESS PROFILE

LEGAL STRUCTURE

Legal Status	<p>Privately-held corporation (Closely-held corporation).</p> <p>A legal entity of private law, duly incorporated, organized and existing according to the laws of the Republic of Ecuador.</p> <p>A Closely held corporation (also known as Closed Joint-Stock</p>
---------------------	---

	Corporation) is a company in which a small group of shareholders controls the majority of the shares.
Formation date	15.02.1978, Public Deed # 18
Mercantile Registry	10.05.1978 filed under # 96
Company status	ACTIVE - GOOD STANDING
TAX ID # (RUC)	XXXXXXXXXX

HISTORICAL SUMMARY The company was initially founded in 1978 as a limited liability company under the name of XXXXXXXX CIA. LTDA. being its founding partners Mr. Gustavo Adolfo Diaz Fernandez, and Compañía Importadora de Productos de Acero Cia. Ltda (CIMPAC)

On 28.08.2008 it absorbed through merger Inversiones Corpusco S.A., and on 06.10.2009 the company was converted into a privately-held corporation (or closely-held corporation), under the current name of ****Redacted****

This transformation was approved by the regulatory authorities on 14.12.2009, and was registered with the Mercantile Registry on 23.12.2009 under # 1083.

Finally, on 20.04.2010 it absorbed through merger Negocios Globales Neglo S.A. with the subject company remaining as the surviving entity.

CAPITAL STRUCTURE, OWNERSHIP & BENEFICIAL CONTROL: (figures in U.S. Dollars)

AUTHORIZED NOMINAL CAPITAL	USD 580.800
ISSUED CAPITAL	USD 580.800
PAID-IN CAPITAL	USD 580.800

Subject's share capital is split into 580.800 nominative shares with a par value of USD 1

It is a privately-owned company (or closely held company) whose shares are no traded on the Stock Exchange, and whose controlling shareholders are:

Name	Interest
COMERCIAL DEL NORTE CODENOR INTERNACIONAL SPA, Chile	99,998 %
ACENOR ACEROS DEL NORTE S.A., Chile	0,002 %

It is noted that COMERCIAL DEL NORTE CODENOR INTERNACIONAL SPA, Chile, is totally controlled by ACENOR ACEROS DEL NORTE S.A., Santiago, CHILE

It is to be noted that in spite of being a privately-owned company, it has issued six series of negotiable obligations (securities) through the Guayaquil Stock Exchange, being the last one for USD 4 million on 25.09.2020 over 36 months

MANAGEMENT:

President	Gustavo Adolfo DIAZ FERNANDEZ
Vice-President	Antonio Rodrigo ORTEGA ALBONICO
Vice-President Legal	Juan Alfredo PONCE GAVICA
General Manager	Miguel Angel MOLINA SAMUDIO

No negative occurrences on subject's principals are recorded.

TYPE OF BUSINESS **TRADER - IMPORTER / WHOLESALE - RETAILER**

BUSINESS CATEGORY **IRON & STEEL PRODUCTS / HARDWARE GOODS**

NATURE OF OPERATIONS The company's principal activity is the import and wholesale trade of iron and steel products, flat steel, steel sheets and bobbins, steel bars, profiles, sections, and angles, cold and hot rolled products, metal roofing, galvanized products, zinc, beams and joists, seamless tubes and pipes, wire mesh, steel sheets for the shipbuilding industry, hardware products, electric and power tools, hand tools, ironwork, door hardware and accessories, knobs, handles, bar pulls, locks, hinges, etc.

It operates 20 sales branches in Quito, Guayaquil, Ibarra, Ambato, Riobamba, Santo Domingo, Quevedo, Machala, Milagro, Cuenca, Portoviejo, Manta, Loja, El Coca, Lago Agrio and El Puyo.

The company also operates as a steel service center providing pre-processing and basic cutting services such as slitting, sawing, shearing, grinding, plasma and oxyfuel cutting (oxicutting), laser cut (transversal & longitudinal), saw cut, cutting of structural steel, flame cutting with Pantograph, coil coating, shape burning, cutting-to-length, and cut material to a size and/or shape, and other specialized services such as rebar bending, clipping cuts services, etc.

OVERALL ASSESSMENT

Company Size	SME/Small and medium-sized enterprise (or SMB/Small & Midsize Business). Category: Moderate-size
Business trend	Stable
Present situation	Operating normally
Outlook	Favorable

Organization	Average. No major problems observed.
Reputation	Long established and well-known company of good reputation. An active company in its line. Good market position.
Management standard	The management consists of well-known businessmen of good repute, and with years of experience in related fields. Traditional methods of management with good forward planning, and well defined corporate policy

SALES & TRADING PROFILE

Total Annual Revenues/Turnover	FY 2021 : USD 85.285.437 FY 2028 : USD 84.852.049
Sales Method	70 % wholesale - 30 % retail sale
Sales Terms	wholesaling : on a 30-day open acct. credit basis retailing : 50 % cash, 50 % through credit cards
Sales Territory	National
Sales Seasonality	stable throughout the year
Distribution channels	Its products are primarily marketed to industrial and manufacturing sectors, other hardware stores, metalworking companiers, civil engineering, construction and contracting companies, homebuilders and developers, etc.
Government contracts	It bids for Governmental and Municipal contracts
Sales branches	Yes, it operates 20 branches nationwide
Overseas agencies, branches or representative offices	No
Market share	It is considered of certain importance within its market segment
New products or services	Under study
Market situation	Competitive
Advertising means	specialized publications, fairs & expositions

Purchases	Local sources: 20 % - Overseas (imports): 80 %
Imports from	U.S.A., South Africa, Brazil, PR China, South Korea, Germany, Italy, Spain, etc.
Imports in US Dollars	FY 2021 : USD 11.936.444 FY 2020 : USD 45.483.219
Terms imports	L/C, CAD terms, drafts over 90 to 120 days, etc.
Staff	419
Bankers	<ul style="list-style-type: none"> • Banco Internacional • Banco Pichincha • Banco Guayaquil • Banco del Pacifico
Insurers	Seguros Colonial S.A

3. TANGIBLE FIXED ASSETS, INVESTMENTS, ETC.

REAL ESTATE PROPERTIES : owner of premises at the heading address

RELATED COMPANIES: No

4. CREDIT STATUS INFORMATION & PAYMENT PERFORMANCE

BANKING RECORD : Bank sources consulted confirm the subject company as their client.

Its usual banking transactions comprise checking accounts -properly managed and without bounced (NSF) checks recorded-; foreign trade operations through L/C, secured credit facilities, etc.

Bank officers declined further comment per bank policy, although no negative information as of reporting day

TRADE CREDIT PAYMENT ANALYSIS : A trade survey has been undertaken among the company's domestic commercial credit grantors at the time this report was produced with the following results :

Type of creditors	Traders, Mfrs. & service suppliers
Known since	+ 20 years
Buying terms	30-day O/A

Paying record	PROMPT	
Payment Patterns	Good bill-pay habits, within agreed terms, no complaints	
NSF checks	NO	
Delayed payments	NO	
Non-payments	NO	
Commercial Morality	GOOD - Commitments are respected	
Creditors assessment	Good	
Repayment Capacity	Moderate	
Negative occurrences & facts check	defaults	No
	delinquencies	No
	legal suits	No
	judgments	No
	collection claims	No
	protested items	No
	returned checks	No
	detrimental record	No
adverse references	No	

Past Information

Reported since	2005
Experience	Good track record.
Maximum credit figure reported:	USD 100.000

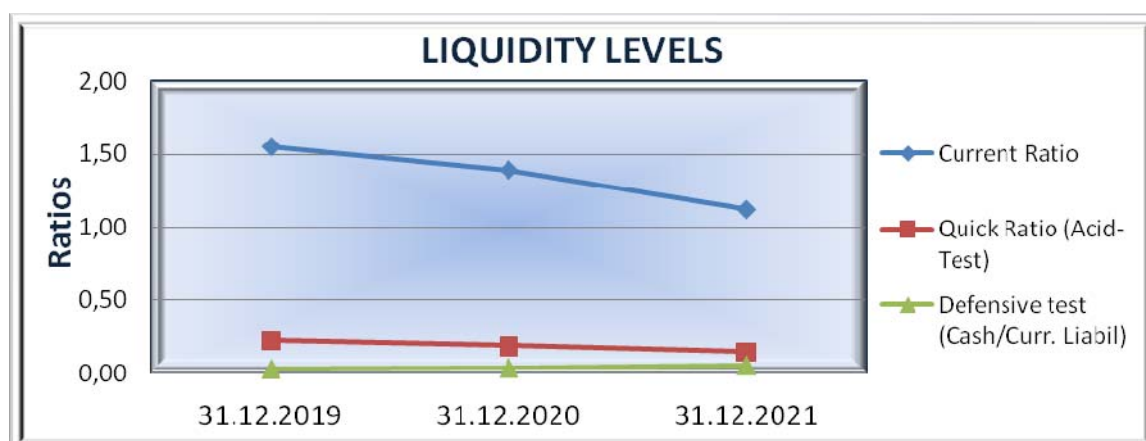
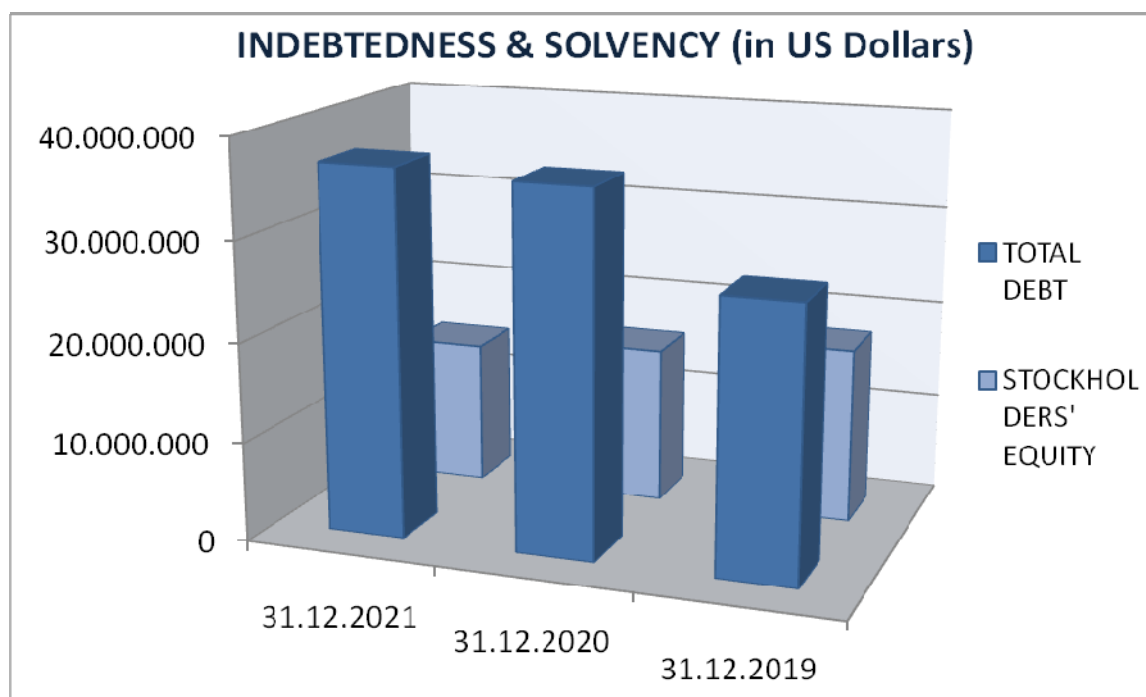
5. FINANCIAL INFORMATION

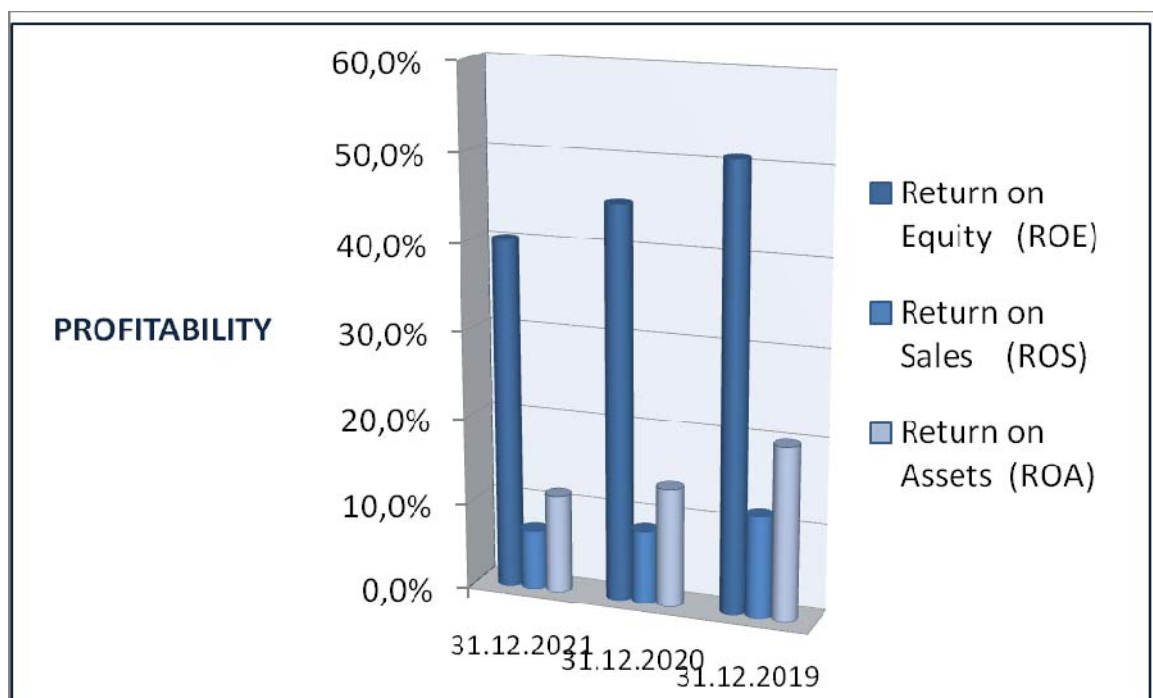
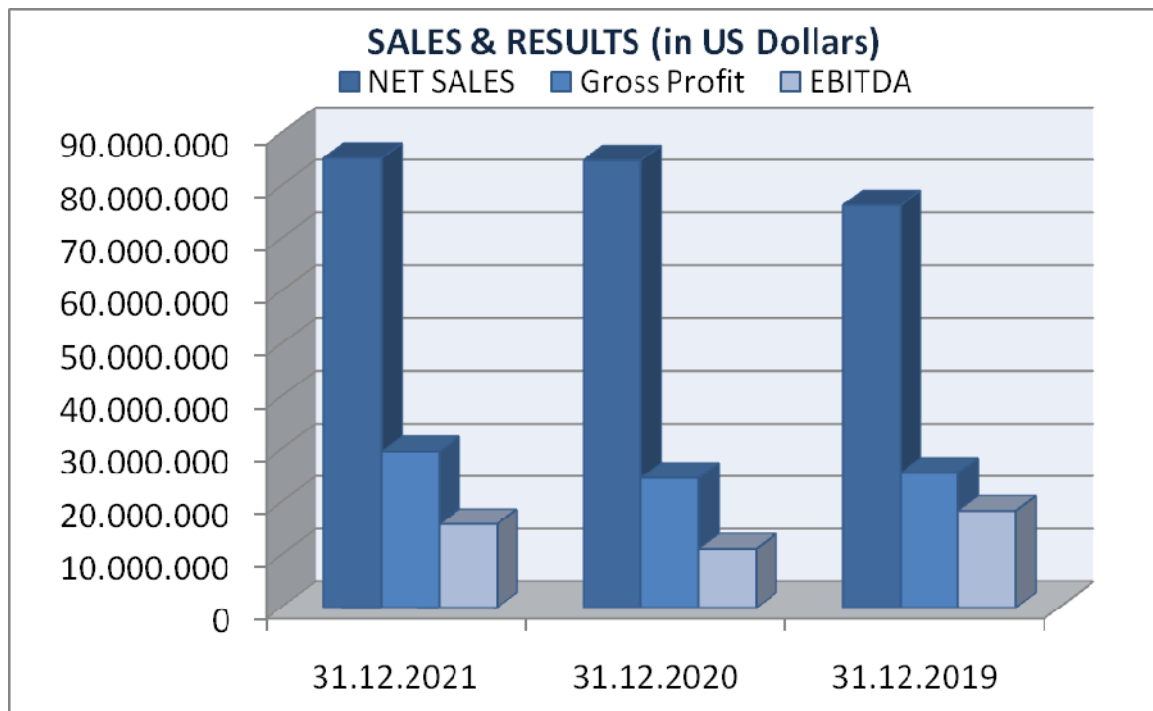
Financial Statements as of ... (in USD, U.S. Dollars)

ASSETS	31.12.2021	31.12.2020	31.12.2019
Available Funds (cash & Banks)	818.805	921.806	1.016.101
Temporary cash Investments	2.118.552	1.984.543	1.901.912
Accounts Receivable	2.145.529	2.092.980	2.166.087
Sundry Debtors	-1.017.258	-323.764	-798.595
Inventories	27.862.595	31.023.005	25.797.116
CURRENT ASSETS	31.928.223	35.698.570	30.082.621
Long term Investments	0	0	0
Long Term Receivables	1.135.937	75.199	0
Fixed Assets	18.486.857	16.444.803	14.854.935

TOTAL ASSETS	51.551.017	52.218.572	44.937.556
LIABILITIES			
Suppliers	4.683.424	1.811.195	955.449
Bank Loans	16.146.370	17.804.643	13.153.177
Sundry Creditors	7.668.074	6.066.009	5.308.922
CURRENT LIABILITIES	28.497.868	25.681.847	19.417.548
Long-term Debt	8.484.680	10.681.126	7.808.723
TOTAL DEBT	36.982.548	36.362.973	27.226.271
STOCKHOLDERS' EQUITY	14.568.469	15.855.599	17.711.285
TOTAL	51.551.017	52.218.572	44.937.556
NET SALES	85.285.437	84.852.049	76.309.915
Gross Profit	29.587.910	24.611.806	25.542.751
EBITDA	15.822.914	11.176.429	18.395.467
Operating Income	15.822.914	11.176.429	18.395.467
Net Income	5.869.387	7.156.518	9.012.204
FINANCIAL STATEMENT ANALYSIS			
Liquidity & Indebtedness			
Current Ratio	1,12	1,39	1,55
Quick Ratio (Acid-Test)	0,14	0,18	0,22
Defensive test (Cash/Curr. Liabil)	0,03	0,04	0,05
Indebtedness Level (Debt/Equity ratio)	253,9%	229,3%	153,7%
Total Indebtedness	71,7%	69,6%	60,6%
Current Liabilities-to-Total Assets	55,3%	49,2%	43,2%
Solvency range	28,3%	30,4%	39,4%
Interest Expenses-to-Net Sales	0,0%	0,0%	0,0%
Total Debt to EBITDA	2,3	3,3	1,5
Efficiency Ratios			
DSO/Days Sales Outstanding	9	9	10
DPO/Days Payable Outstanding	30	11	7
Inventory Turnover rate (days)	180	185	183
Cash Conversion Cycle (days)	159	183	186
Total Assets Turnover ratio	1,65	1,62	1,70
Current Assets Turnover Ratio	2,67	2,38	2,54
Accts.Payable to Sales (%)	5,5%	2,1%	1,3%
Structure Ratios			
Fixed Assets-to-Total Assets	35,9%	31,5%	33,1%
Fixed Assets-to-Equity	126,9%	103,7%	83,9%
Fixed Assets Coverage Ratio	124,7%	161,4%	171,8%
Profitability Ratios			

Return on Equity (ROE)	40,3%	45,1%	50,9%
Return on Sales (ROS)	6,9%	8,4%	11,8%
Return on Assets (ROA)	11,4%	13,7%	20,1%
Z Score (Insolvency Predictor)	0,43652	1,25836	0,23733





6. CONCLUSIVE OPINION

We are reporting upon a long established and well known company which operates on a wide scale and enjoys an ample and well diversified clientele.


It is considered to be a well organized and financially sound company, with good sales growth ratio and financial standing.

It is also well managed by experienced and reliable staff, so its future outlook is optimistic.

As far as subject's commercial morality and general reputation are concerned, its ability to meet its trade commitments remains substantial and it is willing and able to meet its foreign obligations as well.

No objections or any other adverse experience are noted upon subject's current trading record.

7. CREDIT RISK ASSESSMENT & ANALYSIS



<i>Credit rating</i>	A
<i>Risk profile</i>	Normal-risk buyer (within Standard level)
<i>Credit Creditworthiness</i>	Creditworthy - Good credit standing. Capacity of meeting commercial commitments is satisfactory.
<i>Credit Opinion</i>	Requested Credit Exposure: USD 1.000.000 120-180 days
<i>Appraisal</i>	Such credit amount is estimated viable
<i>Surveillance opinion</i>	Subject to regular review & supervision

EXPLANATORY NOTES ON OUR "CREDIT RISK ASSESSMENT & ANALYSIS"

The CREDIT RISK ASSESSMENT & ANALYSIS provides is a reliable indicator of the credit worthiness of a company.

For the calculation of the CREDIT RATING are taken into account all significant elements of credit including company history, business performance, management background, financial position, payment history, overall market conditions, market trend and reputation of the company.

When assigning a CREDIT RATING to a company, automatically is determined its RISK PROFILE, which indicates its CREDIT SOUNDNESS.

Concerning the CREDIT RATING, one can distinguish 6 classes:

CREDIT RATING	RISK PROFILE	CREDIT WORTHINESS	CREDIT OPINION
C	Extremely High Risk	Poor Credit Standing	Unacceptable- Deal for cash only
B	High-risk buyer	Modest Credit Standing	Caution - Secured Terms only
B+	Below Average Risk	Fair Credit Standing	Credit against security
A	Normal-risk buyer	Creditworthy	Recommended
A+	Low-risk buyer	Superior Credit Standing	Very Recommended
AA	Minimum-risk buyer	Excelent Credit Standing	Strongly Recommended

1) The rating "C" characterizes an entity (person or business) of which the past and actual experience is TOO RISKY, including bad financial condition, unpaid balances or too slow-pay habits, bad sectorial predictions, incidents, rumors, conflicts, bad management performance, etc. to be still considered as viable in the short term. It is an UNACCEPTABLE credit appraisal. Business dealings should conducted on a cash basis only.

2) The rating "B" characterizes an entity of which the past and actual experience comprises negative factors (i.e. claims and complaints from suppliers and creditors, delays in payments, lawsuits, etc.) or which faces financial difficulties, inciting CAUTION in the granting of credit and suggesting that credit or business dealings are advised upon a close watch, and preferably under secured basis.

3) The rating "B+" characterizes an entity of which the past and actual experience is situated at a low or undetermined level, which is often the case with a young company in its first years of life as the information available is very limited, or the case of those other firms with poor, insufficient or vague credit experience, or which hold no physical assets, etc. Credit or business dealings upon regular monitoring basis.

4) The rating "A" characterizes an entity of which the past and actual experience is situated on a generally right level. Credit or business dealings are recommended.

5) The rating "A+" characterizes an entity of which the past and actual experience is situated on a superior level, and with very good structural and balance factors.

6) The rating "AA" characterizes entity of which the past and actual experience is situated on a very positive and superior trend. Credit or business dealings strongly recommended